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FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS FOR 1999

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

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SUBCOMMITTEE ON FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS

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PART 4

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

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FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS FOR 1999

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

Tuesday, March 31, 1998.

UNICEF

WITNESS

TERRY PEEL, SPECIAL ADVISOR TO UNICEF

Mr. Callahan. We will begin and let the first star witness approach the bench. Mr. Peel, welcome back. It is good to see you.

Mr. Peel. Thank you, Mr. Chairman.

Mr. Callahan. It is good to see you. Good morning to you.

Mr. Peel. It is good to see you.

Mr. Callahan. I think we have about 30 or maybe 40 witnesses today so if you all would respect the time of the committee by making a brief presentation of your request--53 witnesses. Mr. Peel.

Mr. Peel. Thank you, Mr. Chairman. Two years ago, children in India told me please give us back our childhood, give us back our smiles, don't let our childhood wither away. I think that is a very strong statement. It is strong enough to bring me back here to appear on the other side of this table after sitting over there for almost 20 years. And it is a real pleasure to be back here as the Special Advisor for the U.S. Committee for UNICEF to talk about UNICEF and the need to help

children through UNICEF around the world.

I think that I should start by thanking all of you. This committee really has been the leader in Congress in helping children. It goes back to when Mr. Obey was Chairman of the committee. Child Survival was made an issue; funding was provided; low cost solutions were undertaken.

And now, Mr. Callahan, as Chairman you have widened that, increased Child Survival, set up a children's fund with the support of Ms. Pelosi I know this committee is committed as ever to helping children. I want to tell you today that it has had its effect. There are 20 million children alive today that would not be alive except for what has been done through UNICEF and other programs during the last decade.

Three million children a year are alive because of immunization programs; a million children because of oral rehydration therapy. 12 million children are born that would be retarded except for programs for iodization of salt and other programs like that. Kiwanis International has been working on it and is going to be testifying. Polio has been eliminated in the Western Hemisphere through programs through Rotary International and through UNICEF. All of these things are helping the world's children.

And if you would bear with me for a second, I would like to tell you a little bit about some of these children who have been helped so that you can get a feeling for what the effect has been. Carol Bellamy, who is the Executive Director of UNICEF, asked me to try to find out what has been the value of the billion dollars that the United States provided to UNICEF over the last decade. I went to three continents and talked to the recipients of this assistance.

One of them is Elsy Lopez. Elsy Lopez is a child in El Salvador who was immunized during the war. UNICEF and the Catholic Church worked with the government and worked with the resistance to stop the war for a day. Only 10 percent of the children in rural El Salvador were immunized during the war.

I met Elsy Lopex and asked her if she had her immunization card. Her mother went in and brought out a box, and in that box wrapped very carefully was this immunization card, and the box was sealed tight. It would be like we would keep a valuable in a safety deposit box.

Many children her age in this town are dead because they were not immunized. They were killed by measles. But this child is alive. She holds her immunization card here, and it is a proud treasure.

Moses Omandi is a boy who was abandoned in Kisumu, Kenya, when he was 11 years old. He was given up for dead, living underneath a railroad trestle when he was found. He was taken to a UNICEF-sponsored program at the Overcomer Center there.

Three years later when I talked to him and interviewed him, he said, ``I could be president of the country some day. It could happen. It could be.'' And this child is a remarkable child who might not be here today except for these UNICEF programs.

In Firozabad, India, these girls are part of the group that were chanting, ``Give us back our childhood. Give us back our smiles.'' These girls were all working in the glass factory in Firozabad, India. They were working eight to nine hours a day,

six days a week, and this is Shabana and Sudesha.

These two girls are very happy now. They are in school. They are getting health care. They are being treated as children, something they like very much. And there are 50,000 of these children that are working in various factories in this town. These kids now have a life--they actually have a dream--somewhere that they can go.

My recommendation is that it is time that UNICEF be provided $105 million this year. UNICEF has been level funded at $100 million for the last six years. I think everyone is extremely grateful that that has happened in terms of not being reduced. But if we are going to meet the goals of the year 2000 for children, we are going to have to have a little bit more of a movement here, another $5 million added.

Carol Bellamy is working on streamlining UNICEF. She is getting 90 percent of the staff out of New York into the field working with children. And I think if you can see fit to try to find this additional $5 million, you are going to bring back a lot of smiles and a lot of childhood to these children. So thank you very much.

[The information follows:]

[Pages 4 - 9--The official Committee record contains additional material here.]

Mr. Callahan. I might tell you that Hugh Downs, your Honorary Chairman, visited with us, and the Administration, as you may know, actually requested a reduction in Child Survival, although they did recognize a Child Survival account this year so we are making progress. But I don't know how Ms. Pelosi feels or the other members of the committee feel. But since we are going to increase the Administration's request by 10 percent, I don't know why we can't increase UNICEF's--a portion of that by 10 percent as well.

Ms. Pelosi. Oh, 10.

Mr. Peel. Well, that is even better.

Mr. Callahan. At least five percent. Ten percent of the increase is what I meant. So we will do what we can, Terry, and we appreciate your presentation and recognize the value of your program. Nancy?

Ms. Pelosi. I just want to thank Terry and support what the Chairman said about the Child Survival account. Certainly we have to have a higher number than the Administration requested, and hopefully the $105 million for UNICEF will be a reality for us to support, too. Thank you, Terry, for what you do and for your presentation this morning.

Mr. Peel. Thank you very much.

Mr. Callahan. Next, Robert Moore and at the same time if David Beckman would come forward, it may save us some time. We will recognize Mr. Moore first.

Tuesday, March 31, 1998.

KIWANIS INTERNATIONAL

WITNESS

ROBERT MOORE, VICE PRESIDENT

Mr. Moore. Mr. Chairman, we are very happy to be here today before this subcommittee in support of a program to eliminate the cause of preventable mental retardation in children. And specifically I would like to inform the committee on what Kiwanis International is doing in this cause. I am a vice president of Kiwanis International and we have a quarter of a million members in the United States with more than 6,000 clubs located in every state in the nation.

In my private life, I am an attorney living in Venice, Florida, but I was born in Kentucky, and I am celebrating today, if you watched the ball game last name. Accompanying me is Bo Shafer, who is an independent insurance agent from Knoxville, Tennessee. He is also one of the vice presidents of Kiwanis, and he is celebrating because of what happened Sunday.

Mr. Chairman, Kiwanis members from around the world have established children as their primary interest and have adopted a service program that is called Young Children: Priority One, which is working with boys and girls prenatal through age five.

We have nearly 600,000 youth and adult members of the Kiwanis family of clubs that have declared the world their community and have joined with the United Nations Children's Defense Fund to help virtually eliminate iodine deficiency disorders around the globe.

We want to thank you and members of this committee, Mr. Chairman, for the efforts you have made on behalf of children. Funding provided by this committee through the Child Survival and Disease account has provided funds for child survival, micronutrients, and other programs that have helped children and have aided us in our cause to eliminate iodine deficiency disorders.

More than 1.5 billion people, over half of which are children, in more than 115 countries are at risk of iodine deficiency disorders. Iodine deficiency disorders result in high levels of still births, mental and physical disabilities, and thyroid problems as evidenced by the prevalence of goiters in children and adults.

In addition, recent studies have indicated that the IQ where you have iodine deficiency disorder is 15 points lower than normal in the whole populations, and that micronutrient malnutrition in its various forms resulting in a reduction of GDP by as much as 15 percent.

The solution is very simple and has been available since the 1920's. We eliminated iodine deficiency disorders basically in the United States and in many other western nations through the iodization of salt. And you may recognize the Morton Salt can, but they are working with us in this project.

And a teaspoon of iodine is all that a person needs during their lifetime, but you can't take this one teaspoon and take care of it. It has to be introduced over a period of time, and that is why salt is the best vehicle.

But only for a few pennies per person we are going to be able to iodize salt in all the other parts of the world, and it can prevent iodine deficiency disorders--the iodization of

salt. It reverses many existing conditions and improves the mental capabilities and productivity in iodine deficient populations.

UNICEF has credited Kiwanis contributions to date with preventing over 5 million children from being born mentally disabled each year. And thousands of Kiwanis clubs have already reached over $27 million in pledges and gifts towards a $75 million commitment that we have made to help eliminate iodine deficiency disorders.

The Kiwanis contribution will provide the resources necessary to trigger the local investments and programs needed to virtually eliminate iodine deficiency disorders by the year 2000. Mr. Chairman, we have a good working partnership with UNICEF, and UNICEF has made it possible for Kiwanis members and their supporters to demonstrate what the private sector can do for children.

It has been estimated that every dollar invested in elimination of iodine deficiency disorders will reduce social costs by $20. And countries that eliminate iodine deficiency disorders will, therefore, not only help their children, but also reduce dependency on country and foreign assistance. One of the words or phrases I use in speeches I give is these countries will become consumers of our products and not our charity, and we believe that.

So we would ask this committee to consider taking three actions in support of eliminating the cause of preventable mental retardation in children. First, we would ask that you join Kiwanis in making it known to the American people the importance of eliminating this disorder.

Second, we are asking that the committee support our partner, UNICEF, by providing them with the $105 million in funding for the upcoming fiscal year or 10 percent more than they are getting now, as I just heard you all discussing.

And, finally----

Mr. Callahan. It is 10 percent of the increase over the Administration's request.

Mr. Moore. Well, it is just that. Finally, I urge you to encourage the U.S. Agency of International Development to provide additional funding to support the Kiwanis-UNICEF Iodine Deficiency Program because the more funds made available for this program, the faster we can cure the problem.

I heard the words of a popular song, ``For Such a Time asThis,'' I think sums up what Kiwanis is attempting to do. It said, ``We can't change what has happened, but we can change what will be.'' So, Mr. Chairman, many other world health issues require billions of dollars and many years of effort to reach their objective. The elimination of iodine deficiency disorders can be done within two years.

With the support of people around the world and this committee, it is within our grasp to point with pride as we enter the next century that iodine deficiency disorders have been removed from the earth forever. And we would appreciate your consideration for this project.

[The information follows:]

[Pages 13 - 17--The official Committee record contains additional material here.]

Mr. Callahan. Thank you.

Mr. Shafer. Let me say--see, I am a hillbilly--but we thank you so much for your consideration.

Mr. Callahan. Well, you are welcome. I think the committee is supportive of what you do. I know I am and I know Nancy is, and I, as a matter of fact, sent a guy to see you. In fact, he is the Chairman of the Ways and Means Committee Bill Archer's son who lives in Texas.

Dr. Ren Archer has a program that Texas needs help with, and that is the eradication of tuberculosis on the border. It is an acute problem, and I have suggested that he come to the Kiwanis Club or at least some agency like the Rotary or the Kiwanis in order to get them involved in a doable, inexpensive project to eliminate tuberculosis on the borders.

Mr. Moore. As you know, the district organization that we have in Kiwanis, since you have been a Kiwanian, but our districts are doing many things in the immunization in those areas on their own, but we are cooperating together on the worldwide view to eliminate iodine deficiency disorder because we believe we can take care of our communities and our world community.

In Florida, when I was governor, we started the immunization program that has raised the immunization rate of children from age five and below from 63 percent to over 80--in the high 80s, so we are doing that locally, but we are really committed also to this worldwide service.

Ms. Pelosi. Wonderful, wonderful.

Mr. Callahan. They asked if you joined a Kiwanis Club. Did you hear that?

Ms. Pelosi. He said he wanted us to join Kiwanis in making known----

Mr. Moore. Well, we will ask you to join Kiwanis, and Bo may even have an application.

Ms. Pelosi. When I first went to speak to the Kiwanis Club, I was the only woman in the room, but I know things have changed since then.

Mr. Moore. Yes, ma'am, they have changed. They have changed. Thank you very much.

Ms. Pelosi. I know you do wonderful work, and you are a model to the rest. Thank you.

Mr. Moore. Thank you very much.

Mr. Callahan. Mr. Beckman.

Tuesday, March 31, 1998.

FAITH ACTION FOR PEOPLE

WITNESS

DAVID BECKMAN, PRESIDENT, BREAD FOR THE WORLD

Mr. Beckman. Thank you, Mr. Chairman, and Ms. Pelosi. We are really glad to have you here. I am David Beckman. I am the President of Bread for the World, and this morning I am

speaking on behalf of 22 churches and faith-based groups that follow the foreign aid budget. We try to make our perspective or forge a perspective in response to what the Bible teaches about the kind of world that God wants us to build.

First, I would like to commend you, this committee, and Congress for increasing funding last year for international affairs and especially for IDA and other programs that help to reduce poverty around the world. We think the University of Maryland studies on U.S. public opinion show that most Americans support the kind of foreign assistance that we lobby for and foreign assistance that really helps people in need and helps them be more productive.

In my oral testimony, I would like to just highlight a couple of areas where we think you should direct more money and a couple of areas where you can send less money. First, on more money, we would urge you to find ways to increase funding for development assistance in Africa.

Hunger is pervasive in Africa. Hunger is on the increase, but as the President's trip has instructed a lot of us, there are a lot of promising developments in Africa. There are a lot of things that we can invest in that can help Africans come out of the decline they have been in and continue the renaissance that some countries are now in.

In particular, I would like to call your attention to the Africa: Seeds of Hope bill, which Doug B. Ryder and Lee Hamilton are introducing in the House today. This is Bread for the World's offering of letters this year so we will mobilize something like 100,000 letters to Congress from people all over the country urging some modest adaptations of various instruments of the U.S. Government in ways that would get more resources to the African farmer and to struggling rural communities.

We think President Mandela was right in saying that although trade with Africa is important, it is not enough. Poor countries need aid as well, and also especially that rural, isolated areas need the roads repaired. They need rural credit, they need agricultural extension, agricultural research that is relevant.

And what the Africa: Seeds of Hope bill does is to identify a number of ways in which AID could direct more resources to African farmers, African rural development. The bill urges continued U.S. leadership in IFAD. Also, the bill encourages OPEC to start doing business in rural Africa. We think that is feasible and would be a way of, without tapping more into the appropriations process, to get more money to African farmers.

So I would encourage you and I would ask you and your staff and other committee members to consider the Africa: Seeds of Hope bill, to give it your support. I think these are really reasonable proposals that would go a long way to reduce poverty and hunger in Africa and one way that they might eventually actually become law as amendments to the appropriations bill. So we really hope that you will be supportive of this initiative.

The second area where we would like to suggest that more money should be spent is in the area of debt reduction. As you know, the Pope and Archbishop Tutu and church leaders around the world have been talking about a Jubilee 2000, trying to

celebrate the year 2000, the turn of the millennium by some initiatives to reduce the overhang of unpayable and punishing debt in many countries.

In our own country we have bankruptcy procedures so that if somebody gets in real trouble and can't possibly pay off their debt, creditors are treated fairly, but there is a time when you move on and go to the future. But among the developing countries, there are a bunch of developing countries that have debts that are 15-20 years old.

The creditors are never going to be paid, but the cost of carrying that debt is real, and the cost is partly paid by kids who don't get to go to school and people who die because there is not medicine in the country and so forth.

Jim Wilkinson has said that he thinks that debt reduction is going to be one of the major issues in the next few years in the area of international development. And it is certainly an issue on which a lot of church people across the country are going to be engaged and urging increased activity. We hope you will approve the President's request for funding for debt relief and for the African Development Fund.

We also would ask that you would urge the Administration to get the HIPC initiative going in a more aggressive way. That is a really positive step forward, but we think that it is dragging, that it could extend to more countries more quickly and with deeper debt reduction. More generally, we would just like you to open the door to discussion about ways to resolve this overhang of unpayable and in many cases really hardship debt as we move toward the year 2000.

Then the two areas where we would suggest you might spend less money, first is aid to the Middle East. We really applaud the fact that this committee last year put a ceiling on aid to the Middle East. And at some point it seems to us clear that there ought to be some reallocation from the Middle East to areas of greater need. Maybe this is the year.

We also suggest that you could cut money from the narcotics program. Some of the money goes to security forces in other countries that have a record of human rights abuses, and we just don't think it makes much difference. We don't think it works very well. There is the Rand Corporation study which suggests that it takes $20 out of the foreign aid budget to get as much cocaine use reduction as you can get for $1 through drug treatment programs. So we think that is a place you could take some money and put it into things that are more important. Thanks for your attention. I really appreciate your leadership.

[The information follows:]

[Pages 21 - 30--The official Committee record contains additional material here.]

Mr. Callahan. Thank you, Mr. Beckman.

Ms. Pelosi. Thank you.

Mr. Callahan. Mr. Sever and Mr. Moody.

Tuesday, March 31, 1998.

ROTARY INTERNATIONAL

WITNESS

DR. JOHN SEVER, PROFESSOR OF PEDIATRICS

Dr. Sever. Chairman Callahan, good morning.

Mr. Callahan. Good morning.

Dr. Sever. Ms. Pelosi.

Ms. Pelosi. Good morning.

Dr. Sever. Thank you for this opportunity to testify on behalf of Rotary International today in support of the polio eradication activities of the U.S. Agency for International Development. I would like to invite both of you to become members of Rotary as soon as possible. As you know, sir, Rotary is an organization worldwide with 1.2 million members. We have over 7,000 clubs in the United States, and we are fully committed to helping children and specifically for the eradication of polio.

I am Dr. John Sever. I am Professor of Pediatrics in Infectious Diseases at the Children's Hospital here in Washington, DC. I am here today representing a broad coalition of health advocates, including Rotary International, the March of Dimes Birth Defects Foundation, the American Academy of Pediatrics, Task Force on Child Survival and Development, and the U.S. Committee for UNICEF, to seek your continued support for the global eradication of polio.

Allow me first on behalf of Rotary and the coalition to express our sincere gratitude. In fiscal year '97 and '98, you recommended that $25 million be allocated for polio eradication, and those were the activities of the Agency for International Development. And the full Congress ratified your recommendation both years.

The target for the eradication of polio is the year 2000 with certification worldwide by the year 2005. At that point, we will be able to stop immunizing for polio for the rest of eternity. So with that target, this will achieve not only the eradication of polio and the suffering, but a tremendous savings financially throughout the world.

Although the United States has had no polio since 1979, we continue to immunize our children at a cost of about $230 million a year. Worldwide, the cost is about $1.5 billion a year just for polio immunization.

Thanks to your appropriations and the international effort to eradicate polio, we have made tremendous strides, and you have a graph in the handout which shows this tremendous reduction in numbers of cases so that we anticipate less than 3,500 cases reported during this last year. And the expectation is this will be down to zero by the year 2000, just a couple years away. We are well on target for achieving that goal if we continue to pursue it.

The remaining major areas that still have some polio are in South Asia and Africa. So AID has been one of the driving forces to help work on that effort of eradicating polio in those areas. They specifically have been targeting theintention to stop Asia and Africa in the last two years.

We are advised by AID that if funded for 1999 their planned

polio eradication activities will include $16 million for polio eradication in Africa, $4 million to support India's national immunization days to complete their eradication, and then $5 million for surveillance in South Asia, Europe, and related activities.

The United States' commitment to the eradication of polio on behalf of the United States Government has stimulated other countries to give their support. Belgium, Canada, Finland, France, Italy, Korea, Norway, Sweden, Switzerland, Japan, Australia, Denmark, and the United Kingdom are among the countries that have now joined and followed American's lead in announcing special grants for the global eradication of polio.

By the time polio has been eradicated, Rotary International will have expended well over $400 million in this effort, along with hundreds of thousands of hours in volunteer effort. It represents the largest private contribution to the public health ever made.

For fiscal year 1999, we request the $25 million earmark for global polio eradication in the USAID budget through their polio eradication initiative for delivery of vaccine and the development of infrastructure to complete that program. This would maintain the funding at the FY '98 level and ensure the U.S.A. remains a decisive factor in the success of global eradication.

In addition, we are seeking report language similar to that included in 1998 specifying that this funding is meant to be in addition to the resources for regular immunization of AID and is intended to supplement other related activities.

Lastly, we would ask that the committee again request a report by December 1, 1998, on AID's plans for full implementing of programs. Polio eradication is an investment, but few investments are as riskfree and can guarantee such an immense return within a very specified period. This will be our gift to the children for the 21st century. Thank you very much.

[The information follows:]

[Pages 33 - 49--The official Committee record contains additional material here.]

Mr. Callahan. Well, thank you. Let me first of all say that you epitomize what civic clubs are all about worldwide. Your program is reaping tremendous benefits for humanity, and all Rotarians should be proud.

On a personal level, if you would convey my regards to Herb Brown, one of your predecessors and president of Rotary International, and also to Mrs. Fleming. Mrs. Fleming uses her maiden name. I know her husband, but she is President of the Rotary Club in Mobile. But I said that we are probably going to give you very favorable consideration simply because of the request made by Mrs. Fleming of the Mobile Rotary Club. Nancy?

Ms. Pelosi. That is good. Well, any way you can give favorable consideration to this very worthwhile request is good. Thank you for what you do. It is so impressive.

Dr. Sever. Thank you very much.

Tuesday, March 31, 1998.

INTERACTION

WITNESS

JIM MOODY, PRESIDENT

Mr. Callahan. Good morning, Jim. How are you this morning?

Mr. Moody. Good morning, sir. Nancy----

Ms. Pelosi. Hi, Jim.

Mr. Moody [continuing]. Mr. Chairman, Charlie.

Ms. Pelosi. Welcome to a former colleague.

Mr. Moody. It is nice to be with you. I am pleased to be back among my former colleagues and to testify for InterAction this morning--my brand new job.

Ms. Pelosi. Congratulations.

Mr. Moody. Thank you for doing that. Let me thank you for the many courtesies and helpful considerations you have provided when I was here as VP of IFAD. First, let me also thank you, Mr. Chairman and Ms. Pelosi, for being strong supporters of child survival and disease prevention programs. Your leadership has literally saved thousands of lives of children in the developing world.

We are here today to ask you to consider taking additional steps that will save still more lives and give millions of other children in the developing world an opportunity to have a future worth living and a future that is also good for our country.

InterAction, as you probably know, represents 159 different private and voluntary American organizations, PVOs, that work overseas in sustainable development, humanitarian, and refugee assistance. InterAction seeks to give voice to the common values and commitments of these nonprofit organizations and their millions of members across the United States. It also directly serves its members by setting high standards of management and fiscal accountability for PVO in their field operations.

As someone who like you wants the private sector to actively help solve problems both here and abroad, I believe that PVOs show America at its very best--private citizens pitching in with their money and/or time to make the world better, cleaner, safer.

American PVOs can often respond to humanitarian emergencies, can combat hunger, foster grassroots village development more economically faster and are effectively than sometimes a government-only approach can do. But relatively little government help can also multiply the on-the-ground achievements of these organizations.

From having served overseas and visiting a number of countries, I believe that America has an enormous opportunity at this time in history to alleviate suffering among the poorest and most afflicted people and leave this planet a better place for us all.

That is something that the American public wants us to do when we can do it cost effectively and when they comprehend the stakes and when they perceive how only a few publicdollars when

coupled with private dollars can make a huge impact.

And I believe you know every dollar that private volunteer organizations receive from government is matched by more than $3 from the American public in a critical public-private partnership that both leverages resources and meets urgent human needs.

Now, while our membership is diverse with 159 different organizations, we share a common interest not only to respond to basic human needs of shelter, food, safety, but also enable people to improve their own lives with their own efforts, to help them obtain the tools, the institutions, the technology, and the policy environment to do that, and also to reduce the level of turmoil, violence, and upheaval. All of these goals are directly in the U.S. national interest and certainly consistent with our country's best values.

Over the past several years, cuts in some of the most effective forms of foreign assistance have fallen disproportionately on the development of humanitarian programs, both bilateral and multilateral, that assist people most in need. You have been helpful in restoring some of those in the last budget, and I hope you will do so again. I am sure you will.

In fiscal 1999, we hope that Congress will more closely match resources to America's international interests, our obligations, and our opportunities. We have 10 specific recommendations. I will try to move through them fairly fast.

Number 1, development assistance. InterAction and its members urge you to approve at least the eight percent increase for bilateral development assistance and to build on and expand last year's efforts to restore deep and serious cuts that occurred in the last several years in those areas of humanitarian and grassroots programs.

While our members deeply appreciate the efforts that you and this committee have made to support child health care, basic education, and the fight against internationally contagious diseases, and we have just heard excellent testimony on one of those, our experience in the field clearly shows that achieving sustainable gains in these efforts also requires investment in complementary activities such as grassroots agricultural development, microcredit and microenterprise, soil erosion protection, local farm-to-market roads, and policy improvements such as price liberalization to enable small farmers to grow more cash crops and thus increase family income.

InterAction supports the higher development assistance number requested by the Administration and specifically supports the request for the microcredit program particularly for start-up entrepreneurial loans under $300 that go mostly to small business women, who, by the way, have the best repayment record.

We also support the $400 million request for voluntary, noncompulsory--repeat--noncompulsory family planning programs that enhance pre- and post-natal health of mother and child, and which directly support child survival in the critical first year of life.

When I was in Bangladesh as a Peace Corps volunteer, a typical Bengali woman 35 years of age will have had 10

pregnancies which were spaced so close together that a large number of her children, usually four or five, did not survive.

To now space her pregnancies meant those children that were born actually could survive better, had more strength, the mother's body was restored to its strength, and she could bear those pregnancies, and those children who were born ended up living if she was able to space her pregnancies.

Number 2, the development funds for Africa. We urge at least 800 million be designated for DFA for programs in the sub-Sahara where, as you know, poverty, food insecurity, poor health systems, underdeveloped markets, rapid population growth, and environmental degradation threaten both human opportunity and regional stability. Carefully targeted development assistance in this region can--if it is carefully targeted--make a huge difference.

Number 3, debt restructuring. Despite the vast natural wealth and future potential, some poor countries, especially in Africa, currently face unsustainable debt obligations. And rather than repeat my comments, I will simply identify what Mr. Beckman of Bread for the World said a few moments ago.

Number 4, international programs and organizations. We urge full funding for the requested levels for those institutions within the IO&P budget, including those UN agencies which are doing a good job in humanitarian, nutrition, and sustainable development objectives which are important to the American people. We also support the $5 million request for UNICEF.

Number 5, refugee and migration assistance. Refugee protection and migration assistance continues to be a major priority for the InterAction community. We urge you to provide at least 695 million for regular migration and refugee assistance, which is 45 million above the Administration's request.

This level of appropriation will also help the urgent funding needs of the United Nations High Commissioner for Refugees, which is facing a $651 million shortfall for '98. We also support a $50 million appropriation for the emergency refugee and migration assistance account, which is the usual yearly amount, rather than the Administration's request----

Mr. Callahan. Jim, let me interrupt. We would be glad to receive your written statement.

Mr. Moody. Okay.

Mr. Callahan. We can't give every witness 20 minutes, even though you are a former colleague.

Mr. Moody. No, that is fine. I don't want special treatment. Let me just mention that food aid is number 7, environment is number 8--I will give you the details on that--increased funding through PVOs is number 8, and number 10 is IDA, which you have already heard about. I would be glad to answer any questions.

[The information follows:]

[Pages 54 - 64--The official Committee record contains additional material here.]

Mr. Callahan. Thank you, Jim. Any questions?

Ms. Pelosi. I would just like to say, Mr. Chairman, that anytime anybody gets discouraged around here, they should just come here on public witness day and hear Kiwanis, the Rotary, UNICEF, InterAction, Faith Action for People, and the list goes on and on, and it will go on and on. But thank you so much for your testimony. Good luck in your new job.

Mr. Moody. Thank you.

Mr. Callahan. Dr. Burke and Father Drinan.

Tuesday, March 31, 1998.

AMERICAN SOCIETY OF TROPICAL MEDICINE AND HYGIENE

WITNESS

DR. DONALD S. BURKE, DIRECTOR, CENTER FOR IMMUNIZATION RESEARCH, JOHNS HOPKINS UNIVERSITY

Dr. Burke. Good morning, Mr. Chairman. I am Dr. Burke from the Johns Hopkins University where I am the Director of the Center for Immunization Research. I represent the American Society of Tropical Medicine and Hygiene, a society of 3,500 members who specialize in research and practice of tropical medicine and international health.

A strong U.S. agenda in infectious diseases is crucial to our national interest. A few years ago, more than 27 million Americans traveled internationally, many of these becoming exposed to international disease threats. In the last 25 years, a total of 30 new human pathogens have been recognized as newly discovered diseases.

These diseases have an enormous impact on the lives of millions of persons. Each year, acute respiratory infections such as pneumonia kill 4.4 million people, about 4 million of which are children. Diarrheal diseases, including cholera, typhoid, and others, killed 3.1 million people. The list goes on. I don't need to give you the entire list.

A few months ago, I participated in USAID's consultation on how best to spend the supplemental $50 million appropriation for infectious diseases last year that was put into the bill. And we decided that that should be directed to tuberculosis, malaria, and drug-resistant bacteria.

And the reason was that these are existing threats today that needed attention today, but we did have considerable discussion about whether or not we should be looking to tomorrow, whether or not we should be trying to design programs that could anticipate the next local pandemic, the next AIDS, the next influenza. We decided that there was insufficient funding to do that, and we needed simply to target those existing threats today, the tuberculoses, the malarias, and the like.

We had hoped that there would be continued funding for this kind of program in the future. But we noticed that the infectious disease supplement has just dropped back now by $18 million from what it was last year, and that the total appropriation is back to the base line again, which means that some of that infectious disease money looks like it is going to have to be taken out of some of the allowance for child

survival and disease control among children. We think that this is probably not the best way of doing business for the future.

Mr. Callahan. You say it was dropped back how much?

Dr. Burke. I have the numbers right here, sir. It would be the child survival total budget is down from $550 million last year to 503 this year, and the infectious disease----

Mr. Callahan. At their request?

Dr. Burke. The request--the presidential request.

Mr. Callahan. I see. So they didn't drop you last year?

Dr. Burke. No. It wasn't last year. That is correct, sir.

Mr. Callahan. It is not going to be because of 550 being reduced?

Dr. Burke. No.

Mr. Callahan. You weren't given the 550?

Dr. Burke. Yes, that is correct. This year's budget is what I am addressing, sir. But of that, $24 million is the decrease in this new $50 million for infectious disease research which means it is a one-shot deal and, unfortunately, won't be able to be sustained if that is the case.

The child survival programs--you heard about polio immunization, which has been spectacularly successful within a number of other spectacular successes as well. Infant mortality worldwide has dropped from 130 to 60 per thousand live births over the last couple of decades. Child mortality has fallen from 180 to 80. These are spectacular changes worldwide in our ability to help children grow up around the world. A large part of that has been through these programs that have been supported by USAID and the child survival program.

Immunizations against measles have also decreased the number of measles deaths by 83 percent, and measles is also targeted for elimination from the Americas by the year 2000. So that any cut in these programs to me seems probably not the best investment and strategy.

Mr. Chairman, the control of global infectious disease is not just a development issue, it is also a national security issue and one of concern to all of our citizens. By controlling infectious diseases worldwide, we not only provide development assistance, but we also reduce the risk of spread of virulent organisms to our own populations.

Investments in global infectious disease control are clearly a win-win for the United States. By helping others, we protect ourselves. We strongly urge you to restore the appropriations to last year's levels. Thank you very much.

[The information follows:]

[Pages 67 - 83--The official Committee record contains additional material here.]

Mr. Callahan. Thank you, doctor.

Ms. Pelosi. Thank you, doctor.

Mr. Callahan. Father Drinan.

Tuesday, March 31, 1998.

WORLD HUNGER EDUCATION SERVICE

WITNESS

FATHER ROBERT DRINAN, LAW PROFESSOR, GEORGETOWN UNIVERSITY

Mr. Drinan. Good morning, Mr. Chairman, and members. It is like coming home again. I thank you for all the work that you have done for the poor around the world. I speak here as a member of the Board of World Hunger Education Services. This is a nongovernmental group that tracks starvation and other afflictions around the world.

I have been specializing in international human rights since I left the Congress in 1981. And I come here today particularly to speak about North Korea. A survey has been done--several surveys--and I have left this with my testimony--that at least--to the effect that at least a million people have died recently in North Korea, and the facts are grim.

Children and the elderly are dying at extraordinary numbers. People are leaving the large cities in the north, and they are not finding anything outside, and as a result epidemic levels of communicable diseases are taking lives even more than starvation.

We are familiar with this in Rwanda and other countries, and we are almost blind to it in this particular country, which is so invisible. And the organization that I represent here today has tracked this for a long time, and we present evidence to you that is really startling, that at least 1 million people have perished and another million are migrating from North Korea to China, and that sufficient food is simply not available. And in my testimony, I gave you a map of North Korea and what is happening.

What is the situation? The World Food Program has recommended that 658 metric tons be supplied. The United States has responded with promises to ship 200,000 metric tons, but, Mr. Chairman and members, it seems from all of the evidence that I have seen and this group that I represent have seen that at least 1.2 million tons of food is necessary. That means that only a very small portion of what is desperately needed in North Korea will actually be furnished.

It seems to me that without being rhetorical, what is transpiring in North Korea is genocide. You see a totalitarian regime here that protects its own people and the Communists and that of the army, but for the other people, they just don't care about these people.

Mr. Chairman, when President Clinton looked so sorrowful in Rwanda, I wondered whether another President will someday be coming back from North Korea and say that we allowed genocide to occur. We were not responsive to this, and we allowed apathy and ignorance to overcome that.

Mr. Chairman, it is a narrow window of opportunity. People are starving now and dying, and we hope that you will use your influence and the understanding of this subcommittee to assist these human beings who are now dying before our very eyes.

[The information follows:]

[Pages 86 - 106--The official Committee record contains additional material here.]

Mr. Callahan. Thank you, Father.

Ms. Pelosi. Mr. Chairman----

Mr. Packard. Mr. Chairman, are we allowed to ask questions of the witness?

Mr. Callahan. Yes.

Mr. Packard. What assurances, sir, do we have that the food actually gets to the hungry in North Korea, not----

Mr. Drinan. Congressman, that is a very difficult problem. All I know is that we--all of us will regret five or ten years from now if we say, well, we didn't even try. The difficulties are there, but that with good will, with the international entities and with UNICEF, with all of the agencies, somehow at least we can save some of these people. But my point is that it would be very ignoble, it would be unforgivable if we say, well, we didn't try because of the difficulties.

Mr. Packard. Thank you, Father.

Mr. Kingston. Father, are you the lead agency in this?

Mr. Drinan. No.

Mr. Kingston. Who is the coordinating agency?

Mr. Drinan. Well, I don't want to say who is the lead agency. Maybe there is no lead agency. That is one of the problems.

Mr. Kingston. Well, the reason why I am asking is because getting to Mr. Packard's question, the recent article aboutSave the Children and some of the other very, very well thought of name brand world children saving-type organizations where they had fictitious kids and the ads about 70 cents a day will save, you know, 10 lives and all this, and it showed that so much of that was actually fraudulent, there is an increasing concern about the lack of coordination and the potential, you know, maybe corruption if you want to use that word--I don't know another one for it right now--but that is why the efficiency of kind of how the food doesn't go to the army, how it gets to the people is really important to us.

And I think what we would like to see is some assurances that the well-intended organizations, as noble as the cause is, still have a practical side of this is how the nuts and bolts of food distribution works.

Mr. Drinan. I agree with you totally, and during my 10 years in Congress, I saw that about the problems within the Congo. All I can say, sir, is that this group that I represent and all of the other groups in this area recognize the acute need of a million people or more people in North Korea and that you people are able with all of your resources to work it out. ``When there is a will, there is a way.''

Ms. Pelosi. Mr. Chairman.

Mr. Callahan. Yes, Ms. Pelosi.

Ms. Pelosi. I had promised my Chairman at the beginning of the day that I would speak sparingly in the interest of hearing from our witnesses longer. But since our colleagues asked the question of North Korea and food distribution, I thought I would speak briefly. First, I want to thank you, Father Drinan, for bringing your considerable prestige to bear on this important issue.

As a member of the Intelligence Committee, I visited North Korea in August. Not many people are let in, but we were there, and I think we were allowed in mostly because they wanted us to see how hungry the people were. It was a loss of face for them, but people were eating leaves and grass. The children and the elderly were the most neglected because they were not as useful to them, as you said, as the military and some of the other workers. It is a terrible tragedy.

My point is that we did meet with some of the NGOs--World Vision, Catholic Relief and others and learned how the food was being distributed by these organizations themselves, not by the government because the fear was if the government distributed food, the government and the army would eat and the people would not.

So the distribution was through the organizations [a], and [b] while it is true that maybe some of it might be siphoned off somehow or other to the military, the fact is if we didn't send the food, these children wouldn't eat at all. So we had to take a little bit of a chance on a small percentage of it going astray in order to reach as many of these people as possible.

I have seen poverty all over the world as a member of this committee and the Intelligence Committee, but I never saw the poverty of spirit that I saw in North Korea--the starvation plus the brainwashing. We have such a responsibility because they don't really even know how bad off they are.

Mr. Drinan. Thank you for that eloquent statement, and that is all backed up and documented by the statement that I left in connection with my testimony.

Ms. Pelosi. Thank you, Father Drinan.

Mr. Callahan. Dr. Hopewell and Ms. Schwethelm.

Tuesday, March 31, 1998.

INTERNATIONAL UNION AGAINST TUBERCULOSIS AND LUNG DISEASE

WITNESS

DR. PHIL HOPEWELL, DIRECTOR OF THE MODEL T.B. CENTER IN SAN FRANCISCO

Dr. Hopewell. Thank you, Mr. Chairman. My name is Phil Hopewell. I am a Professor of Medicine at the University of California in San Francisco and Associate Dean of the School of Medicine based in San Francisco General Hospital. I am also the immediate past President of the American Thoracic Society and the North American Region of the International Union Against Tuberculosis and Lung Disease. And it is on behalf of the International Union Against Tuberculosis and Lung Disease that I am here today.

The IUATLD, to give you the shorthand version, is the oldest nongovernmental organization that has been involved in the international fight against tuberculosis. We are obviously very concerned that tuberculosis be recognized as the global problem that it is.

I would like to thank you and the committee for that recognition and for the funding that was provided to USAID in their infectious disease initiative. In fact, we are quite pleased with USAID's response and the initiative that they have

undertaken that as you have heard in previous testimony includes tuberculosis as a major component.

As you are probably aware, there has been considerable progress in the United States in bringing tuberculosis back under control after several years of increasing case rates. It now has been decreasing consistently, but that in the global scale is a real drop in the bucket.

It is estimated that there are between 7 and 8 million new cases of tuberculosis occurring in the world each year, that there are approximately 3 to 3.5 million deaths from tuberculosis occurring each year. It is the single largest infectious killer of persons worldwide.

It accounts for about 100,000 childhood deaths, and it tends to kill people in the most productive years of their lives, so there are major secondary effects from tuberculosis occurring in adults on their families, their children particularly.

Tuberculosis is a great model of a global pathogen. It can be transferred from across national boundaries in latent form without being able to be detected, only to cause disease that develops in the receiving country. In the United States, we are now up to between 35 and 40 percent of the cases resulting which are occurring in persons who were born outside the United States; generally in countries with high prevalence of tuberculosis. So this is truly a global problem, and it is one that has been declared a global emergency by the World Health Organization.

In addition to the sheer numbers of tuberculosis cases that occur each year, there is a problem with multiple drug-resistant tuberculosis. Organisms that cause tuberculosis that now are becoming progressively more resistant to the antimicrobial agents that are used to treat the disease so, in essence, the disease is becoming or may become an untreatable one because of the progressive development of drug resistance.

This occurs in the United States and in developing countries as well, and because, again, of the global nature of the disease, we certainly will be seeing what occurs in developing countries in the U.S. because of the globalization of population movements and the economy.

With that as background, the IUATLD has five specific recommendations that we would like to present. The first of these is to continue to support, as you have, USAID's efforts to work in developing a comprehensive global strategic plan for tuberculosis. This should be in concert with the Centers for Disease Control, with WHO, with MIH, and with organizations such as the IUATLD and other involved nongovernmental organizations.

This plan is really essential to coordinate and make for the most efficient utilization of resources that are already being provided and that we hope will continue to be provided. In fact, the only thing worse than no plan and no tuberculosis control is poor tuberculosis control or poorly planned tuberculosis intervention because that generates drug resistance.

The second recommendation is to encourage USAID to create a Tuberculosis Technical Advisory Committee that will assist in the development, implementation, and monitoring of their

tuberculosis control efforts. As I said, USAID has begun a very productive dialogue with important partners in the area, and we commend them for the consultative process that they have initiated. This needs to be formalized in the way of a Technical Advisory Committee, and we think this is of strategic importance to the United States.

Third, encourage USAID support of an international surveillance network to monitor tuberculosis and to monitor drug-resistant tuberculosis. This kind of network must be part of a global plan for tuberculosis control.

The fourth recommendation is to encourage USAID to fund training for tuberculosis control experts through the Fogarty International Center. This effort has already been initiated in a kind of pilot way, but there needs to be more formal recognition of the need for the training of a cadre of persons who are sophisticated and capable in their understanding of tuberculosis as it occurs in developing countries.

The Fogarty Center, as you know, has a highly successful model for training experts in AIDS control. They have begun to develop efforts in tuberculosis control, but this really needs to be further supported.

We recommend that USAID jointly fund this training of TB control experts through the Fogarty International Center. A commitment of $2 million, a very modest investment, would go a long way toward developing the human resources necessary to carry on the global tuberculosis program.

And fifth and finally, the U.S. through USAID should provide funding for tuberculosis control efforts or for assistance with tuberculosis control efforts in nations with the highest prevalence of tuberculosis. There are a number of countries that could be identified. The ones that are of specific importance to the United States include Mexico, the Philippines, and Vietnam, the three countries of which receive the largest number of persons who subsequently develop tuberculosis, but there are many other countries that would be logical recipients of such aid as well.

With that, let me just conclude by saying that the International Union Against Tuberculosis and Lung Disease and the American Lung Association, which is the American constituent of the IUATLD, are committed to elimination of tuberculosis. We think this is a feasible goal, but it can't occur without a firm commitment on the part of the Federal Government. Thank you very much for the opportunity to comment.

[The information follows:]

[Pages 111 - 119--The official Committee record contains additional material here.]

Ms. Pelosi. Thank you very much. I am pleased to welcome our witness from the University of California-San Francisco, and thank you for this presentation. It is a very, very important issue.

Mr. Callahan. Is the Fogarty Center part of your operation?

Dr. Hopewell. That is part of NIH.

Mr. Callahan. Part of NIH. Are you familiar with the

problem along the Texas-Mexico border that I mentioned?

Dr. Hopewell. I didn't hear you mention it, but I am familiar with it.

Mr. Callahan. Do you have any way to contact Dr. Ren Archer?

Dr. Hopewell. Yes.

Mr. Callahan. That is a very serious problem facing this hemisphere. If we could concentrate on it--we have the opportunity.

Dr. Hopewell. Right. In fact, there is a meeting on April 19 that Dr. Archer has called.

Mr. Callahan. Thank you. Ms. Schwethelm.

Tuesday, March 31, 1998.

PROJECT HOPE

WITNESS

BETTINA SCHWETHELM, DIRECTOR OF MATERNAL AND CHILD HEALTH PROGRAMS

Ms. Schwethelm. Mr. Chairman, members of this committee, as Director of Maternal and Child Health Programs at Project HOPE for the last nine years, I am very pleased to be here in front of this subcommittee and also speak on behalf of other PVOs that are working with USAID in partnership with USAID on child survival programs.

HOPE is an acronym for Health Opportunities for People Everywhere. This phrase really describes the mission of Project HOPE. In partnership with people in communities around the world, we try and attain lasting health improvements, and our commitment is really to the most vulnerable groups in this world, to women, infants, and young children.

USAID and Project HOPE have been close partners in the child survival program since 1985. During these 13 years, the child survival program has supported HOPE activities in Belize, Brazil, Peru, Guatemala, Honduras, Nicaragua, Ecuador, Haiti, and Malawi, Mozambique, and Indonesia.

As members of this committee who have supported child survival over the past 13 years, you know that child survival programs do save lives, and many of the previous testimonies have focused on this. So I would really like to focus on some different issues, some different aspect of the child survival program, and that is the child survival program's creative capacity. And I would like to focus on seven different points.

Child survival programs create capacity at the family and household level. They create capacity at the community level; in local PVO staff; in local partners; at PVO headquarters; in the PVO community overall; and, finally, in the American people.

First, at the household level, mothers and other caregivers are taught essential knowledge so that they can treat mild diseases like mild diarrhea and colds in the home, but they know when to seek care outside from trained providers. This education really empowers parents because they have the information that they need to protect the well-being of their children.

Second, child survival programs strengthen the capacities of communities through the development of local organizations and local leadership. Let me give you two brief examples. In Guatemala, Project HOPE has worked with a community that approached Project HOPE. Together, we wrote a proposal. We solicited local funding. This community provided in-house and labor to remodel the house into a clinic. They signed up members.

People were paying very, very small fees, and this community now has a small clinic that provides services to members at no fee and services to other people at a small cost. This is a community that previously had to travel eight hours to reach a hospital and seek health care for their children.

Another example are community volunteers in Guatemala that have been trained in child survival. These volunteers followed international case management protocols of treating and diagnosing pneumonia, and it is really exhilarating to see a semiliterate volunteer in a hut in the distant highlands of Guatemala diagnosing pneumonia like a physician would and providing the first treatment of antibiotics and saving the life of a child that way.

Third, child survival programs build capacity in the local established PVOs. With one exception, Project HOPE only employs country nationals in its child survival programs. At the beginning of a new project, we identify young, bright professionals. We train them to become child survival leaders in their communities.

To give you an idea of how significant this leadership development has been, Project HOPE alone, in managing 25 child survival projects over the past 13 years, has directly trained approximately 400 child survival leaders in 11 countries in communities around the world.

These individuals continue to train and orient others. The other PVOs--30 PVOs that have participated in USAID child survival programs can claim similar accomplishments. Clearly, this is a very large and growing network that exists around the world of child survival leaders that would not be there without the child survival program. This is a network that needs to continue and be strengthened.

Fourth, child survival programs build capacity of local institutions, including national ministries of health, NGOs, and other organizations. By participating in the child survival program and through joint problem solving, these institutions become empowered and better equipped to meet the health needs of their people and by absorbing many of the child survival leaders that PVOs have trained, these institutions are strengthened.

The child survival program also provides the seeds for new organizations to emerge. In Malawi, for example, where Project HOPE has worked with the private sector tea and coffee estates, we have helped to establish a new NGO that is taking over Project HOPE's technical leadership for private estates without USAID and Project HOPE funding in the years to come.

Fifth, child survival programs build capacity at the headquarters level. I started nine years ago with Project HOPE. I was the first professional supporting child survival programs. Now, there are seven health professionals providing

support to our programs around the world.

And more than just strengthening technical capabilities, the child survival program has also allowed us to extend ourchild survival expertise into related programs. For example, Project HOPE has developed a village health bank program that combines credit with child survival interventions and child survival messages.

The resulting program has resulted in health improvements that exceed child survival or credit programs alone. A similar example is what food PVOs are doing with Public Law 480 where they are integrating child survival into the food distribution programs.

Six, PVO programs--child survival programs build capacity within the PVO community at large. In the last few years, child survival has become a vehicle for collective sharing of ideas. For example, in Honduras, Project HOPE is working with CARE, no longer in competition but sharing lessons learned together. The recent creation of CORE has brought together the 30 child survival PVOs around the table sharing and exchanging lessons learned.

The subcommittee should note that PVOs have also brought a lot to the table. Project HOPE in receiving about $20 million in child survival funding has brought $11 million of contributions of private donors and corporations to the child survival program. And that leads me to my final point.

Child survival programs increase the capacity of the American people to care about child survival. They can participate by supporting PVOs in strengthening child survival around the world, and in this we are benefiting not as individuals, but collectively as a nation with moral standing in the world community. As we know, as other countries are healthy, they are more apt to be politically stable and be good future economic partners.

After 13 years, the benefits of the child survival program in terms of capacity building have exceeded the expectations of many people. In child survival communities throughout the world, coverage rates have increased and knowledge is being strengthened.

However, you all know that to change behavior is a long-term objective, and to make sustainable long-term improvements, we need to continue to invest in child survival to reap the results of the years of efforts that we have put into child survival. In 1990 at the UN World Summit, the United States committed itself to measurably improving the quality of life of the world's children.

It is unthinkable that now a prosperous United States will enter the next century having backed away from doing its part to measurably reduce the most devastating fact in human life, the loss of a child.

Chairman Callahan, we are deeply grateful to you and your subcommittee for having been such a champion to child survival. I thank you for the opportunity to speak on behalf of this program and appreciate your effort in assuring continued funding to this program. Thank you.

[The information follows:]

[Pages 123 - 134--The official Committee record contains additional material here.]

Mr. Callahan. Thank you. I will assure you that the committee is going to very seriously consider my draft which is going to increase the Administration's request. I am disappointed that the Administration for years or at least the three years I have been Chairman has actually not requested or recognized the child survival account. This year, to their credit, they recognized it, but they requested a decrease, which I don't think is the right way to go. And I imagine that the committee is going to in this instance give the Administration more than they have requested, but we thank you for your testimony.

Ms. Schwethelm. By the way, we are working with Dr. Ren Archer. He is a former Hopi, and we have programs across the border, and TB is one of the areas that we are working with him on.

Mr. Callahan. Very good. Thank you very much. Congressman Pallone.

Tuesday, March 31, 1998.

USAID PROGRAM

WITNESS

HON. FRANK PALLONE, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. Callahan. We would be happy to receive your written testimony if you have any. We have 53 witnesses today.

Mr. Pallone. I have a written statement, and I am not even going to address the issues in there other than Armenia and India. The other issues I will just submit for the record. I did want to mention though with regard to the USAID program, Mr. Chairman, is that you approve the Administration's overall request--funding levels for USAID managed programs.

And I mention that in particular because I visited both Armenia and India recently, and I saw very well managed AID programs there that really are making a difference. So that is the only general thing I will mention to you today.

If I could get to Armenia and Nagorno Karabagh, I know that the Armenian National Committee (ANC) and the Armenia Assembly have both submitted testimony or will at some point, and I want to support their statements. They are basically in agreement on a lot of the things that I would say, and, of course, Congressman Porter, who is a member of your subcommittee, I imagine is going to pretty much say the same thing.

But I wanted to say you really did a wonderful job, and all of us in the Armenia caucus were very happy with what you did in the last fiscal year. First, it was the first time we had the direct aid to Nagorno Karabagh. You had thediscretionary funding for sort of a Caucasus fund, and I really think that is the way to go in the future, that we really need to provide a funding program, if you will, for infrastructure that brings these various countries together. That is so important.

And also you did have it earmarked at a significant level, and you maintained for the most part Section 907, so I just basically am requesting that you build it on that. The Administration has come in and asked for a decrease in the amount earmarked for Armenia. We think it should be increased.

We are requesting $100 million rather than the $87.5 million that was there last year. They have requested nothing for Nagorno Karabagh, which I think was a mistake because the needs assessment showed clearly that there was a need, and we would like to see that amount increased as well.

I guess I wanted to say just by way of background, and I am going to be brief, that when I went to Armenia and Karabagh this year, they still have major hardships. They are still being blockaded on almost all sides. Their only access for goods is usually from Georgia, which has severe problems with criminal elements, or through Iran, and I don't think I even have to say anymore about their having to travel through Iran.

Also, they continue to move towards market reforms. Their GNP continues to grow despite the blockades, and now they have had two very successful elections. The election for president was in its second round yesterday, and although there have been some suggestions that there were some problems, clearly everyone is saying it is much better than it was in the past. So everything is positive despite the fact that they are under this really terrible blockade.

Let me just get to a couple specifics. With regard to Nagorno Karabagh, I am asking for $20 million for Karabagh. But in addition, if you remember last year you were very specific about the fact that this aid was supposed to go to Karabagh.

And what happened is that the USAID or the State Department is basically interpreting the money to go to victims of the Karabagh conflict, which means that a significant portion of it may go to Azerbaijan. That wasn't what you intended, and I would like you not only to put the $20 million in, but to make it clear that this goes to Karabagh.

And also if it could be mentioned that the money could be used for rebuilding and reconstruction of infrastructure that was damaged during the war because apparently they are not allowing it to be used for that. So if that could be put in there, that would be very helpful.

With regard to Section 907, I am just asking you again to maintain it intact. There is still $130 million in assistance that goes to Azerbaijan through the NGOs, but if we don't have Section 907 in place, then Azerbaijan will say, well, it doesn't matter that we continue this blockade, and there won't be any sanctions. It isn't really a terrible sanction because they are still getting humanitarian assistance through NGOs, but we have got to have some expression of the fact that they shouldn't be continuing with the blockade.

And also last year you put in language about strict enforcement of the Humanitarian Corridor Act, which, of course, the Administration keeps waiving that every year. But I would like to have that language in again because it shows how much you support the concept of the Humanitarian Aid Corridor Act.

I just wanted to say with regard to India again, you don't have the problem I gather in the subcommittee or the full committee in this annual exercise we go through on the floor

where they try to cut all or most of the development assistance to India. But I just want to say again thank you for not going that.

In India, the economic liberalization continues. They just had an election. You know, 300 million people voted. They changed parties in that election there. Their market economy and reforms continue. You know, we are their largest trading partner, and there is just no justification--I mean, just so you all know, and I think you do--for this cut in development assistance because what those who want to cut say is that this should be an independent Punjab.

The reality is that the Sikhs now control the government in Punjab. There is a coalition government of Sikhs and Hindus that works very well together and won again in the elections that were held for the national legislature just a few weeks ago. And it also doesn't make any sense to cut development assistance in the name of human rights.

I mean, the bottom line is that this money goes to help people who need to be fed, need to be educated, and for natural disasters. Why do you want to cut it for that purpose? And the other thing too is that India has made a lot of progress. They have a National Human Rights Commission. Punjab has a State Human Rights Commission, and they are going after the people that have perpetrated human rights violations. So, again, I just want to thank you for your support.

[The information follows:]

[Pages 138 - 142--The official Committee record contains additional material here.]

Mr. Callahan. The committee did recognize the reconstruction needs in Nagorno Karabagh, but we left it in a pot of money that is available only or when and if the Minsk agreement is achieved. We are confident there will be peace in the region. That is the reason we put the reconstruction money in there. If indeed there is a peace agreement, then your international contributions towards the $60 million that we put in there would turn into $600 million.

Mr. Pallone. You are talking about the caucuses?

Mr. Callahan. Right, yes. So we have prepared all of that, and with respect to Azerbaijan, I mean, we want to encourage them with a carrot. And we put a carrot there for them to encourage, and I hope the elections turn out with I imagine Robert DeNiro or whatever his name is--the guy that looks like Robert DeNiro is going to win.

Mr. Pallone. He I am told--at least the press reports seem to indicate that he is winning substantially.

Mr. Callahan. And Mr. Morningstar has given his indication that there is going to be some money released in April of an additional $7 million for Karabagh.

Mr. Pallone. For Karabagh.

Ms. Pelosi. Mr. Chairman, you said the humanitarian money for Karabagh?

Mr. Callahan. Yes.

Ms. Pelosi. Oh, that is great.

Mr. Pallone. Yes. No, I agree. My only problem with the Karabagh money is the way it was interpreted because I thought it was very clear that you said that was for Karabagh. But as far as the caucus fund is concerned, I think that is the way to go in the future. And even if it isn't all spent now because of the situation there, in the long run you have go to try to bring these countries together and making those kind of infrastructure improvements will help.

Mr. Callahan. Mike, any questions?

Mr. Forbes. No.

Ms. Pelosi. I am just glad Ambassador Morningstar is releasing the humanitarian part of the $12 million pot because that is a carrot to promote the Minsk agreement as well.

Mr. Pallone. Absolutely. Thank you.

Ms. Pelosi. Thank you for your energetic leadership.

Mr. Pallone. Thank you for all of your help.

Mr. Callahan. Michael Barnes and Hobart Gardiner--former Congressman Michael Barnes.

Tuesday, March 31, 1998.

U.S. COMMITTEE FOR UNDP

WITNESS

MICHAEL D. BARNES, CO-CHAIR

Mr. Barnes. Good morning, Mr. Chairman.

Mr. Callahan. Good morning.

Ms. Pelosi. Welcome, Mr. Barnes, former colleague.

Mr. Barnes. Thank you very much.

Mr. Callahan. Your statement will be accepted by the committee, and we would ask that you be brief in your presentation.

Mr. Barnes. Thank you, Mr. Chairman, will do. I have a relatively long statement for the record. I appreciate your accepting that. I appear this morning not as a former member of Congress, but as Co-Chair of the United States Committee for the United Nations Development Program.

As you know, my Co-Chair, our former colleague Claudine Schneider, appeared before the subcommittee last year in support of UNDP. And I come before you this morning also obviously as an American citizen but also as a businessman and a lawyer active in work outside the United States and committed to a strong U.S. foreign policy and strong U.S. leadership in international affairs.

There was a question of one of my heroes, Father Drinan, a few minutes ago about North Korea and what agency plays the coordinating role. As you know, UNDP is the lead UN agency with respect to development around the world. It plays a coordinating role; in fact, has coordinators throughout the world funded through UNDP to coordinate all the United Nations development operations. And UNDP is planning on an active role in that capacity in North Korea as well. UNDP, of course, is the largest international, multilateral, grant-based development organization in the world by far.

I want to take just a second, Mr. Chairman, to thank you

and your colleagues on the subcommittee because we know that it was due to your hard work last year that the United States returned to its traditional position as the number 1 donor to UNDP. As a member of the U.S. Committee for UNDP, I want to thank you on behalf of everybody in this country who supports the work of that organization for the strong support that you have shown and your leadership on that.

I have got good news to report to the subcommittee this morning. UNDP has made real progress in implementing a far-reaching internal reform process with stronger accountability, a culture of cost consciousness, and a sharper focus on its country operations.

The increase that this subcommittee provided to UNDP last year has helped to make that reform possible, and I am submitting for the record a detailed explanation of the reforms that UNDP has undertaken and has been able to undertake in part because of the efforts of your subcommittee and the U.S. Congress.

As I said, in my work I travel all over the world, and I have witnesses the progress made by developing countries in recent years in their move toward establishing more democratic institutions, market economies, greater protection of human rights. And I can tell you from my own personal observation that UNDP has played a very significant role in promoting that kind of positive change around the world.

I understand, Mr. Chairman, you are going to be going to Central America in the next few days. I would urge you to take a look at UNDP operations in Central America. I know you will be impressed that the work that they have done in Nicaragua, El Salvador, and throughout the region has been enormously important in helping those countries move forward.

When I was in the Congress in the 1980s, Central America was a tragic situation creating great controversy here in this building and in our country. Today, Central America is advancing in ways that wouldn't have been thinkable 10 years ago, and a lot of the credit for that should go to the United Nations Development Program, and there are very professional people on the ground in Central America today. I hope you will have a chance to meet some of them and see their work, Mr. Chairman.

Let me just make a couple of other quick points. As I said, last year we were able to get the U.S. back to the lead donor role in UNDP. As you know, the head of UNDP has always been an American--from the very beginning has always been an American. It is currently an American. That is underchallenge by our friends around the world who note that they give a much higher per capita contribution to UNDP than we do.

One of our former colleagues, Brad Morse, was a great leader at UNDP. And, yes, Seth is doing a great job. I hope that the Congress will recognize that it is in our own interest to continue to have the leadership role at UNDP.

GAO has done an excellent study that I commend to your attention which indicates that UNDP is actively promoting the interest and values of the United States of America through its activities around the world. I am not going to go into the details because we don't have the time.

I mentioned the reforms. I would just stress in closing,

Mr. Chairman, that you will see in Central America, as you would see if you went to Africa or Asia or anywhere in the world, the extraordinary role that UNDP is playing to help literally billions of people around the world improve the quality of their lives.

The American people in every survey I have ever seen support funding when they know that it goes to really help people improve their lives, and that is what the United Nations Development Program is successfully doing every day in countries all over the world.

Even in a place where it is as difficult as it is in North Korea, which you were discussing earlier, they are the coordinating agency making sure that when assistance goes there, it doesn't go to the regime, it doesn't go to the military, it, in fact, goes to help the people.

The major UNDP program in North Korea, for example, is an agricultural program helping people improve the organization of their agriculture so that they can grow the food and not have to depend on food sent from our country to feed the millions of people who are starving there. That is just one example. There are thousands we could cite all over the world. Thank you, Mr. Chairman.

[The information follows:]

[Pages 146 - 155--The official Committee record contains additional material here.]

Mr. Callahan. We try, Mike, to look at projects that you all are involved in when we make trips such as to Guatemala last year we made and looked at some of your projects. And we certainly will on our trip to Central and South America this time.

Mr. Barnes. Thank you very much.

Mr. Callahan. We thank you. Let me also apologize to all of you for the limited amount of time we have, but we have 53 witnesses today. And it doesn't mean that we are not interested in your project or your organization, and we are not appreciative of your many contributions. It means that we want to give everyone an opportunity to testify. So if we seem rather impatient, it is not because of anything other than respect for all of you because we want to hear from all of you, and this is the only date we have available.

Ms. Pelosi. Thank you, Mike.

Mr. Callahan. All right. Mr. Gardiner.

Tuesday, March 31, 1998.

INTERNATIONAL EXECUTIVE SERVICE CORPS

WITNESS

HOBART C. GARDINER, PRESIDENT

Mr. Gardiner. Thank you, Chairman Callahan and members of the committee, for the opportunity to speak to you about the

International Executive Service Corps. You have my prepared statement so I am just going to highlight some points for you.

We closely measure results of our projects over the years. We sent out over 20,000 volunteer men and women who donated over a million days on the job in the past 33 years. The value of those donated services exceeds $500 million. They help clients produce over $5 billion in increased production. The clients have contributed in excess of $200 million.

In just one year, the companies we assist, our clients, have purchased $13 million in exports from the United States this last year. That is just one year, not a total of 33 years, which is in excess of $2 billion.

Over 25 countries have improved their economies to the point where we have closed shop and left the country. In those countries, IESC has helped break the cycle of dependency. We think it is better to give a hand up than a handout. Our objective is to help them create their own wealth. Nineteen other nations have followed our example and started an executive service corps similar to ours.

Additionally, we have helped U.S. companies form joint ventures and other connections with our clients in four particular countries--Turkey, Romania, Mexico, and the Czech Republic. We have contacted 2,500 companies in this country as a result of that activity, which has resulted in 36 transactions at a value of $100 million. Thus, we help U.S. business compete in this world of global economy.

Let me mention a few things about Russia. We paid particular attention to this complex country, its erratic movement toward democracy and a market economy. We started over 700 projects in Russia, which require a considerable flexibility, adaptability, persistence, time, and the patience of a saint. While we have 13,000 men and women in our skills bank who registered, their willingness to serve is there, but we have very few saints.

Nonetheless, we made a strong impact. We have helped them sell state-owned businesses to private hands. We have helped them with the transition to democracy and administration and law, and we have helped them in defense conversion to civilian goods.

The help we have given them with regard to administration and law is now going to be strengthened by a new program we are going to innovate, which has to do with regulatory reform. We want to create a favorable client for U.S. direct investment. We don't want to create joint ventures and have U.S. investors invest in a climate which is not conducive to stability.

We are helping Panama with the transition from U.S.management of the Canal Zone to Panamanian management. Before I became CEO in IESC, I was in charge of their operations in Latin America and the Caribbean. We have done more projects in Latin America and the Caribbean than any other continent. That is not the case today. Now, we do just a little bit over 10 percent in Latin America and the Caribbean.

But there is an expression in Spanish, and it means bad things don't come along but for a good reason. This has forced us to innovate and to come up with other ways of coping. We now have a business development program we formed in a partnership with Programa Bolivar.

They are located in Caracas, Venezuela, and this partnership is to create joint ventures and other strategic alliances between U.S. companies and small to medium-sized enterprises in Latin America. So our objectives continue. Basically, it is to help the private enterprise develop in the host country. It is also now aimed at connecting U.S. business with business partners in developing countries.

We are going to use more electronic communications and distance learning technologies to reduce overhead and increase participation. We intend to remain friendly, flexible, and efficient because we represent the United States.

We hope, therefore, that you appropriate abundantly to aid for programs such as ours because we depend on them, and we feel that what we do is a very rewarding investment. And with 13,000 executives in our skills bank, we can do a lot more. We only used one for every 13 in our skills bank in the past several years.

We are a people-to-people program, and I am reminded of a proverb I have heard in Russia. They appreciate what we do because they feel we care. The proverb is that a tree derives its strength from its roots, and a man derives his strength from his friends. And our program makes many, many friends around the world. One client told us that our people are not consultants, they are implementors. They work as much with their head as with their heart. Thank you, Mr. Chairman.

[The information follows:]

[Pages 158 - 172--The official Committee record contains additional material here.]

Mr. Callahan. When you are in Panama trying to teach people how to run businesses or start businesses and you have the opportunity to talk to government officials, you might emphasize to the Panamanian Government the importance of transparency in contractual arrangements with American business people because they know very little about it.

I know that you are down there trying to teach the Chinese to run the port operations of the Panama Canal, and that has been very distressing to me to see how far we have fallen with respect to our operational capabilities in Panama. Any questions for either Mike or Mr. Gardiner?

Ms. Pelosi. Except to thank them for excellent testimony. Thank you.

Mr. Callahan. Thank you very much. Congressman Greenwood.

Tuesday, March 31, 1998.

MICROCREDIT

WITNESS

HON. JAMES C. GREENWOOD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. Greenwood. Good morning, Mr. Chairman and colleagues. I

think the deal we made with your staff is to squeeze me in, and I will be brief so I will do that. I am here to talk to you about microcredit, and I will tell you I am not an expert on microcredit, but I am here because last year I had the opportunity to be in Uganda and to visit an operation called FINCA, which is a beautiful example of microcredit at work.

We went to this little village in Uganda, which is, as you all know, one of the most downtrodden, impoverished nations in Africa. We went out to a little village, and the women there participate in this program by borrowing $50, and I think $50 to $75 is the maximum, are able to take that $50 and open up a business in fishing, open up a beauty parlor, open up a pharmacy, open up a little sewing shop.

It was extraordinary to open up a little shop, a little place raising chickens. They would take this money, and all of a sudden become perfect examples of entrepreneurs. Empower themselves within their families where they had no cultural history of empowerment given the culture of that country, and then methodically pay back those funds. It is a magnificent program.

I think the funding has declined from something like $137 million down to $111. My recommendation would be to fund it at a level of $160 million. Following is a quick example of the degree to which the sense of a hand up and not a handout is working there.

As we sat in the hot sun in this village in Uganda and listened to these women come up and tell their tales one at a time, Congressman Jefferson I think it was, realized the power of a couple of American dollars in that community. He passed a note around saying let us all give them $20 to contribute towards their fund, and we were all prepared to do that. And when we put our $20 bills in a pot and took it to them, they said no, we don't take charity here. We take loans and we pay them back.

I think that it was an eloquent testimony to the fact that we have taught them through this program the value of work, entrepreneurialship, and making it on their own and not accepting charity. And so, I would encourage you in your wisdom to do as much as you can for that program.

[The information follows:]

[Pages 175 - 176--The official Committee record contains additional material here.]

Mr. Callahan. We support it and so has the committee.

Mr. Greenwood. I know that.

Mr. Callahan. Any questions?

Ms. Pelosi. Thank you so much.

Mr. Callahan. Mr. Jollivette and also Dr. Lee Reichman.

Tuesday, March 31, 1998.

UNIVERSITY OF MIAMI NORTH-SOUTH CENTER

WITNESS

CYRUS M. JOLLIVETTE, DIRECTOR OF GOVERNMENT RELATIONS

Mr. Jollivette. Good morning, Mr. Chairman and members of the subcommittee. I am Cyrus Jollivette. I am Vice President for Government Relations at the University of Miami in Coral Gables, Florida. I appear today on behalf of several of my colleagues at the university who are doing the type of research work at our School of Medicine that I will be talking about and involved in the kinds of discussions at our North-South Center that I will be talking about. The other Center is the International Center for Health Research at the School of Medicine.

First of all, Mr. Chairman, I want to commend you and the members of the subcommittee for the significant and invaluable efforts in providing $50 million last year for the communicable diseases initiative at USAID.

Like the subcommittee, my colleagues and I believe that it is imperative that the nation address the threat of infectious diseases by responding to what has been a dramatic increase and, in fact, a resurgence of communicable diseases affecting children and adults by assisting developing countries to develop their ability to protect and care for their people and by stopping the spread of these communicable diseases in developing countries.

The University of Miami International Center for Health Research is located in Miami, a major gateway city to Latin America and the Caribbean. The major goals of the Center are to investigate biological characteristics of causative microbial agents, to study the risk factors related to the spread of these infections, including interactions between nutritional status and susceptibility, as well as to develop innovative preventive strategies.

An important role of the Center involves collaborative infectious disease control and prevention efforts to broaden expertise of indigenous Latin American and Caribbean health professionals, and link laboratory science and epidemiology with public health strategies and policymaking processes.

The Center's priority is to strengthen programs for the control of major infectious diseases, particularly malaria, dengue, TB, and cholera. Emphasis is also placed on programs aimed at preventing the spread and reducing the impact of HIV infection and other sexually transmitted diseases.

The magnitude and the gravity of the current emerging and reemerging infectious disease situation in the region of the Americas really is a critical concern. In order to develop an effective system for disease surveillance, control, and prevention, a strong and stable research infrastructure in close cooperation between scientists of the United States and Latin American and Caribbean countries are essential.

Enhanced research and training efforts need to be established in the areas involving the most prevalent infectious diseases, including those that I have mentioned before. A complex interaction between nutritional status and susceptibility as well as disease progression and control of these infections needs to be investigated, along with the basic research and all the aspects of disease processes and public

health strategies.

Infectious diseases are the leading cause of death worldwide, causing 17 million of the 52 million deaths each year. Emerging infectious diseases have also adversely impacted the U.S., and this is evidenced my colleagues tell me by the fact that the death rate from infectious diseases in the U.S. has increased by more than 50 percent since 1980. And in 1996, infectious diseases in the U.S. were ranked as the third leading cause of death.

My colleagues believe that this trend will continue in the future since infectious microbes can easily travel across borders from other parts of the world and be introduced into the United States threatening our national health and security. Controlling disease outbreaks and factors promoting them in other countries is important not only for humanitarian reasons, but also to prevent these diseases from entering the United States.

We respectfully seek the subcommittee's support for $2 million for the International Center for Health Research at the University of Miami to strengthen and expand its research and prevention efforts in Central America and the Caribbean. I had submitted earlier a more lengthy statement which I ask that you would include in the record.

I would just mention briefly the other Center at the University of Miami, which is the North-South Center, whose mission is to promote better relations and to serve as the catalyst for change among the United States, Canada, and the nations of Latin America and the Caribbean.

We believe that this Center, which was established at the university in 1984 and has been receiving Federal support since 1990 initiated by former Congressman Dan Persell, is a reflection of the belief that our nation benefits when the great issues of the Western Hemisphere are analyzed and debated by private sector and nongovernmental groups under the auspices of a neutral forum.

The North-South Center is a respected independent public policy institution that is fully cognizant of its special responsibilities attached to its Federal support. This Center has served this function most successfully.

Mr. Chairman, that concludes my remarks. I would be pleased to answer any questions that you might have about the North-South Center or the International Center for Health Research at the University of Miami.

[The information follows:]

[Pages 179 - 188--The official Committee record contains additional material here.]

Mr. Callahan. Thank you.

Tuesday, March 31, 1998.

UNIVERSITY OF MEDICINE AND DENTISTRY OF NEW JERSEY

WITNESS

DR. LEE REICHMAN, EXECUTIVE DIRECTOR, NEW JERSEY MEDICAL SCHOOL, NATIONAL TUBERCULOSIS CENTER

Dr. Reichman. Mr. Chairman and members of the committee, thank you very much. I am Lee Reichman. I am a physician who is appearing before you as Executive Director of the New Jersey Medical School, National Tuberculosis Center, at the University of Medicine and Dentistry in New Jersey, which is a founding component of the International Center for Public Health at University Heights Science Park in Newark, New Jersey.

I am also a former President of the American Lung Association and a former Vice Chair of the International Union Against Tuberculosis and Lung Disease. I am a member of the World Health Organization's Committee on the Global Tuberculosis Epidemic.

One week ago today was World Tuberculosis Day, designated as an official United Nations day to commemorate the announcement of the discovery of the organism that causes tuberculosis by Robert Koch in Berlin in 1882. At that time, there was great rejoicing as tuberculosis was the world's greatest killer. Today, however, embarrassingly, tuberculosis is still the greatest killer of any single infection and will kill more people in 1998 than it did in 1882, the year of Koch's announcement.

But the global TB epidemic will shortly change. Last year, this committee wisely insisted that USAID turn its previously neglectful eyes on emerging and reemerging infections, one named major threat being tuberculosis. And I thank you, Mr. Chairman, and Mr. Frelinghuysen, and the rest of the subcommittee for achieving this major breakthrough.

Having served on an ad hoc USAID consultation advising them on this new initiative, I can report that they are already running with the ball, although we still need a global plan to be sure the support is appropriately used, and we certainly need to have a formal Tuberculosis Technical Advisory Committee to help them in their effort.

This committee's leadership in insisting that USAID take up the meaningful programs in tuberculosis will certainly lead to an increased profile for disease, increased educational efforts, along with increased interest in pharmaceutical and device manufacturers, which will translate into increased safety for the hundreds of thousands of Americans working in defense with multinational corporations.

And I call your attention to this morning's Business Week, a cover story, ``War Against the Microbe. How Drug Makers are Fighting Back Against the Global Resurgence of Infectious Disease,'' just out today. They probably did it because they knew I was testifying.

I am especially here to speak about the International Center for Public Health, a new strategic initiative that is creating a world class infectious disease research and treatment complex at University Heights Science Park, Newark, New Jersey, a Federal enterprise community neighborhood.

The Center is a $78 million anchor project that will total 161,000 square feet and house three tenants--the Public Health Research Institute of New York City moving to New Jersey, the

New Jersey Medical School National Tuberculosis Center, and the New Jersey Medical School Department of Microbiology and Molecular Genetics.

The International Center for Public Health is a priority project of the University of Medicine and Dentistry of New Jersey, Rutgers University, and New Jersey Institute of Technology, Essex County College, and the City of Newark.

The International Center's core partners have already had a major impact on activities of critical worldwide health importance such as implementing a $12 million TB control program for Russian prisons, funded by the George Soros Foundation.

The most notable part of this story is the fact that for several years the WHO and the Centers for Disease Control and Prevention had been totally unsuccessful in convincing Russia with its monumental tuberculosis problem to adopt the WHO's highest priority DOTS strategy--that is Directly Observed Therapy Short course for tuberculosis.

Last July, a site visit team from the Public Health Research Institute and our National Tuberculosis Center visited Moscow, strongly recommended that the Soros project not be carried out unless the Russian Ministry of Health adopted the DOTS strategy.

In response in September, U.S. Secretary of Health and Human Services Shalala announced at the Gore-Chernomyrdin Commission meeting that the Russian Ministry of Health would indeed be using the DOTS strategy. And we expect that the new Minister of Health to uphold this commitment. This is humbly submitted as an example of the effect of the International Center for Public Health's significant role in international disease control efforts.

Through the leadership and direction of our Governor Christine Todd Whitman, in October 1997 a memorandum of understanding was signed between the State of New Jersey, University Heights Science Park, UMDNJ, and the Public Health Research Institute to commit $60 million of state loan and grant funds toward development of the $78 million International Center.

Presently, the Science Park partners and the International Center for Public Health tenants are seeking the remaining $16 million from Federal and private sources as groundbreaking scheduled for 1999. The International Center for Public Health and University Heights Science Park seeks your support for the International Center, and on behalf of the UMDNJ, I want to thank the committee for the opportunity to present this request.

[The information follows:]

[Pages 191 - 202--The official Committee record contains additional material here.]

Mr. Callahan. We thank you, doctor. And as you well know, Congressman Frelinghuysen is one of your biggest supporters. And you are blessed to have him on this committee as far as your causes are concerned.

Dr. Reichman. Thank you.

Ms. Pelosi. Yes. And, Mr. Chairman, not to forget your interest in this hemisphere north and south----

Mr. Callahan. Yes. And also the infectious diseases, tuberculosis particularly. We have spoken to several people this morning about the problems along the Mexican border, that we really need to check that as quickly as we can.

Dr. Reichman. Thank you.

Mr. Callahan. Thank you very much. Congressman Walsh.

Tuesday, March 31, 1998.

INCREASED FUNDING LEVELS

WITNESS

HON. JAMES WALSH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. Callahan. Good morning, Jim.

Mr. Walsh. Good morning, Mr. Chairman. Thank you for allowing me to testify today. I just wanted to say thank you again to you and members of the subcommittee for your fine work and very important work that you do and especially for the leadership and the sponsorship that you have taken up with the child survival funds. That money is some of the best money that we appropriate for, and it is making marked differences in kids' lives throughout the world. And it is certainly to the credit of this subcommittee for making that issue a priority.

As you know, the USAID has a new initiative, vitamin A supplementation and are requesting additional resources to combat iodine deficiency, which I saw firsthand when I was a Peace Corps volunteer. Just two cents two to three times a year can cut child mortality by--my statistics say 23 percent by providing these capsules of vitamin A.

Giving vitamin A to pregnant women in developing countries can reduce maternal death rates by 40 to 50 percent. It is a remarkable figure, and the results given the cost of the program is truly phenomenal.

The doctor testifying before me just spoke to you about tuberculosis. The Tuberculosis Control Program is essential. You included it in last year's budget. I hope you will continue to support it. It is the world's largest infectious killer. I contracted tuberculosis when I was in Nepal.

Fortunately, I was diagnosed early on and treated, and the only major impact it had on my life was it convinced me to quit smoking cigarettes, which I did the day that I was diagnosed. But given proper medication and diet and so forth, I had no problems. But that is not the case with millions and millions of other people around the world. It is a terrible disease, and we need to do a better job.

I also would like to put an oar in the water for the International Fund for Ireland. $19.6 million has been appropriated by the subcommittee over the years, and it is critical now. I bookmark the Irish Times and the Belfast Telegraph, and I try to read both views of what is going on in Ireland each day.

And Senator Mitchell, who was our person on the spot there, has entered into sort of an end game now with Prime Minister Blair and Prime Minister Ahern in Ireland and the principals at the talks. They are getting very close, and a signal from here that we will continue to support those projects is important. I have visited those projects, and they are making a difference.

As you know, the unemployment rate is high in those areas where all the trouble is. And if more people are working, the less people are idle. And as Sister Jane Michael used to tell me, ``An idle mind is the devil's workshop.'' So we need to keep those people gainfully employed.

And so I would ask you to continue supporting that iniative and also the Peace Corps. As you know, there is a major initiative to expand the agency, and I know your funds are dear, and you have to make those hard decisions. But I would urge you to put additional funds in. They have made some reforms.

The Peace Corps has reduced administrative staff by 11 percent. They purchased a new financial management system that will save them a million dollars a year. They closed 16 overseas organizations. So what they are trying to do is put the resources behind the volunteers, and the volunteers do make a difference--a very positive difference.

It also creates tremendous amounts of good will, and I think that selfishly we invest in future leaders who come back to this country and benefit the quality of life and good government, and they are good business people, and they are good teachers, and they get involved in every aspect of life and contribute to the country. So it is a great training program for future leaders. With that, Mr. Chairman, and with lots of sand left in the hourglass, I conclude my remarks.

[The information follows:]

[Pages 205 - 207--The official Committee record contains additional material here.]

Mr. Callahan. Well, we thank you. We certainly would agree with you on the Peace Corps. We think they have done an outstanding job over there. With respect to increasing assistance to Ireland, even though I am very supportive of that measure, and I know it is working, it is going to be difficult to increase anything for anybody.

In fact, some countries that traditionally we have been giving lots and lots of money to have recognized our shortage of money, even Israel, who volunteered, once again, of reducing direct assistance. So it is going to be very difficult for any increase.

There is nothing that prohibits the USAID from giving money to this program other than the $20 million that was spelled out in the bill. Nothing would stop them from providing additional assistance, but to increase that at a time, Jim, when we are having to tell everybody else there is no room for increases is going to be very difficult. But I think that the committee would say you are Irish so we are going to give Ireland more, and that is going to be difficult.

Mr. Walsh. Well, I understand that. All of the subcommittees are making very tough decisions these days, but as Chairman of the Friends of Ireland, I really felt obliged to put that pitch forward.

Mr. Callahan. Mike.

Mr. Forbes. Mr. Chairman, I just wanted to thank my colleague from New York for his leadership on the Peace Corps issues. I know that he has long been a tireless advocate and has actually been tough upon the Peace Corps to make some of the reforms that they need to do in order to make it a viable program. And I think he speaks with a powerful voice and position. I just wanted to add my support.

Mr. Walsh. Well, I appreciate that very much.

Ms. Pelosi. I also want to thank our colleague for his very efficient presentation. He covered a lot of ground in a short period of time. I thank him for his work on all of these issues as well. We have a big order with the Peace Corps this year, so your support is very much appreciated. Thank you again for what you do.

Mr. Walsh. Having sat on that side of the table, I appreciate brevity also. Thank you very much.

Mr. Callahan. John Hammond and Scott Sklar.

Tuesday, March 31, 1998.

UNITED STATES ENERGY ASSOCIATION

WITNESS

JOHN HAMMOND, PROGRAM DIRECTOR, ENERGY PARTNERSHIP PROGRAM, USEA

Mr. Hammond. Mr. Chairman, Mr. Worthington expressed his regrets. He couldn't come. He was called Friday night by the Department of Energy to go to the G-7 Energy Ministers Conference in Moscow with our chairman. So I am speaking in his place.

The U.S. Energy Association was established in 1924 as a private nonprofit, nongovernmental organization. We have 167 members who are the major U.S. energy industry actors in equipment and utilities and in multiple energy sectors. A number of the major energy and utility organization associations are members.

We are the official U.S. member to an international group called the World Energy Council. It is headquartered in London. It is composed of 100 nations. Again, it is nonprofit, noncommercial. We are hosting a congress--the 17th Congress of the World Energy Council in Houston, Texas, in September with 8,000 delegates in Houston.

I came today to talk to you about an activity that we are doing on behalf and in partnership with USAID, and that is our USEA International Energy Partnership Program. With funding from the USAID Office of Energy Environment and Technology in the Global Bureau and also the Bureau for Europe and the New Independent States, we have been creating one-on-one, practitioner-to-practitioner partnerships between U.S. electric utilities and gas utilities and regulatory agencies and their counterparts in developing countries and in economies in

economic transition.

We have over 35 partnerships established in 22 developing countries. It is a unique opportunity where we have been able to leverage the U.S. utility industry in the international development assistance programs of USAID and the U.S. Government.

In fact, right now we estimate for every dollar that AID puts into the program, which goes only for air fares and hotels in these exchanges, the U.S. utilities are putting in $2 out of their pocket because they pay the salaries, overhead, fringe benefits, and lots of extras.

Just for your information, the participants in this program--some of the participants are Alabama Power, Entergy, Georgia Power, Pacific Enterprises, and Sacramento Municipal Utility District, Brooklyn Union, Niagara Mohawk, Pacificorp, Central South West, Houston Power and Light, Columbia Gas.

The program has two objectives. The first is to help these developing countries to improve and make more efficient supply use of energy by transferring private sector approaches. That is our advantage. Our U.S. niche is our private sector utilities. They are utilities that are usually state owned and centrally controlled. Secondly, it is to provide an avenue for possible U.S. investment in joint ventures in these developing countries possibly with their utility partners.

Now, what do the U.S. utilities get out of this? One thing is opportunity to do some humanitarian assistance. Now, a lot of this was done by Commonwealth Edison when they first partnered with Poland about five years ago. Secondly, there is an opportunity to look at the international markets for investment opportunities and identify reliable strategic partners because it is a peer-to-peer relationship between electric utilities. We are not dealing with consultants. We are equipment suppliers. And these utilities are going to be somewhat less political in some of the crucial partners.

It is also a means by which U.S. utilities get into the international market. They know they have to test their staffs, who they are reengineering and downsizing, so they use this program to sort of test up on staffs. In fact, the result that occurred recently in terms of investments is that Southern Company signed a joint venture agreement in India to build and operate a 400 megawatt independent power plant. That is directly as a result of the partnership with Gulf Power of Pensacola, Florida, and its utility.

Niagara Mohawk is signing a joint venture with a Bombay utility to hopefully replace this. This is a standard meter made in India. This has the life of two years. This is where energy efficiency, global climate change, and a lot of issues begin and end. If you cannot meter it, you cannot make somebody pay for it.

And just a little dirt and a little humidity, which is very common in India--and as I say, these have life about two years, but they last--they are just left on, and most allow their electricity to go unmetered because this thing simply stops. It is a very old style of meter which we used to have in the '60s on our houses. It is not electronic. It has to be read by hand.

Also, the Polish Power Grid, which is one of our earliest partners, they have come along, and they have actually

contributed a million dollars to join the Electric Power Research Institute in Palo Alto, California. These partnerships are made with commitments at the very highest levels.

We get the CEOs of both companies and usually at the embassy of the developing country here in Washington, DC, to have a publicly signed ceremony. They sign on for two years, and they have to identify two or three issues of the developing country overseas.

There are a lot of results that I could mention. Columbia Gas has been working in Russia to help with the information system. Southern Company--there is--Alabama Power is working with Lithuania to try to encourage private investment in the Lithuanian system. And it improved their accounting system, which is not anywhere near up to Western standards.

But I am at the end of my time, so I would like to thank you and simply urge that you continue to support the USAID Global Bureau and the Bureau of Europe and the NIS and to continue funding these partnerships at the current or expanded levels. Thank you very much.

[The information follows:]

[Pages 211 - 224--The official Committee record contains additional material here.]

Mr. Callahan. Mr. Sklar.

Tuesday, March 31, 1998.

SOLAR UNITY NETWORK

WITNESS

SCOTT SKLAR, EXECUTIVE DIRECTOR

Mr. Sklar. Thank you, Mr. Chairman. I run the Trade Association for the Solar Industry. We have 165 companies in the U.S., 400 in our state affiliated chapters. 70 percent of our market is the Third World. We are growing at 30 percent a year, and 2 billion people on this planet don't have power, and they are mostly in rural areas. Another billion people have power less than 10 hours a day. So that is why we are interested in development in energy.

We come here every year, and you wonder why I come every year. I come here every year to support the Center for Environment, the Office of Energy environment technology; not just the budget, but more of your directives to AID to maintain the program.

This program wouldn't exist--the overall energy environmental activity and AID--without congressional oversight--a fact of life. And virtually every program you deal with as a subcommittee--child survival and health--20 to 70 percent of the vaccines go bad the first year because they relied on diesel and propane refrigeration.

Democratization education--if you have electricity, it is amazing the impact of how you keep democracies going in rural

areas if they can get education and see for the first time government services, and that is what is driving our market.

Emergency preparedness humanitarian aid--the first thing they bring in in these development programs are diesel engines, which flood out or fail. And if you have ever lost your home to an earthquake or a flood even in the U.S., living next to a diesel engine for 24 hours a day to survive is not a fun experience.

And, obviously, infrastructure. So AID programs--our problem has been that they foster the use of propane and diesel, which not only is bad for the environment--and you will hear from the environmental groups on that--but it is really bad development. The single largest component in trade debt and development is importing energy. So if there are ways that can help deal with that issue and improve immediate quality of life, that is what this is all about.

Now, it just happens to be that the U.S. leads in this technology. We are the lead exporting nation for renewable energy technology. And what I brought you here today, this is a solar electric panel made by Enron-Amico. They are giants or one of the largest manufacturers.

This technology is combined with another technology that is called aspirated solar panel, and this goes for food drying or spices or anything where you need to dry food stuff. This is put up on the southern wall of the entire side of the building. The hot air is driven through these little holes, and it just goes into the air intake for drying. This panel here provides electricity and provides electricity for the factory or the food processing unit.

Another example, and again the 2 billion people without electricity, lighting is their first issue. This is Sieman Solar out of California, U.S.A., the largest manufacturer in the United States. And they put out these solar lanterns, that these solar panels charge a battery.

And I would demonstrate this today except my daughter last night while I was charging it threw it in the bathtub. Four and a half years old, and she decided to make it a bath toy. But generally it would work, and by next year it will be a very startling example.

But the fact of the matter is, that what I wanted to lay out for you is: 1996 we ribbon-cut four U.S. automated manufacturing plants with 200 to 400 people each in California, the State of Washington and Michigan and Maryland. In 1997, Massachusetts, Ohio, California, and Arizona. In 1998, Virginia, California, Delaware, Arizona. And we potentially may have plans in New Mexico, Florida, and Nevada.

We are in the biggest growth curve ever. The Japanese, the Europeans use their bilateral programs to promote their technology. We don't. So my request for you--my only request is that in your report language you drive and you integrate their ongoing programs into the areas that you already are concerned about.

And, secondly, you make clear AID is not honest with you. Every year it says it puts about 45 million in the Center for Environment and 25 million in the energy program, and they don't. And it is about a third of that by the time it ever gets to them. And it is, again, only the diligence of your staff and

you and the committee that make these programs go. And with that, thank you very much, and I appreciate your attention.

[The information follows:]

[Pages 227 - 231--The official Committee record contains additional material here.]

Ms. Pelosi. No questions. Fascinating. I think this is a very, very important area. Mr. Chairman, for so long we were wedded to exporting old technologies to these emerging countries, and this is very interesting. Thank you.

Mr. Callahan. Ms. Kaptur.

Ms. Kaptur. Yes. This is an exceedingly interesting panel for me personally. I just wanted to ask Mr. Sklar what is the energy efficiency of that particular solar unit? Is that a photovoltaic unit?

Mr. Sklar. This is a photovoltaic module. The photovoltaic panel is electricity. This panel is about 15 percent efficient, and others are about 18 to 20 percent efficient. And what is happening with solar automated manufacturing plants, we are overcoming technological hurdles to automation.

I know this scares you. But the fact is that the cellular phones that we walk around and we used to you know. You still pay five times more for communications beyond the wire. You are paying about 10 times more for electricity beyond the wire, which is still cost effective where you don't have wires. But as we automate, we will make other as commonplace as laptop computers.

Ms. Kaptur. How far north can you go on the globe with that technology?

Mr. Sklar. We go right into Canada. We have units in Antarctica and Alaska because we either pair it with wind, and actually the wind generally blows when the sun doesn't shine. We are pairing it with fuel cells, and we are pairing it with diesel, and it makes the diesels just last longer because they are not running all the time. And when they break down, at least you get power during the day. So it is very useful globally.

Ms. Kaptur. I just want to thank both gentlemen, Mr. Chairman.

Mr. Callahan. Thank you very much. Congressman Petri and Congressman Farr.

Tuesday, March 31, 1998.

PEACE CORPS

WITNESS

HON. SAM FARR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Farr. Mr. Chairman, thank you. I will be very quick. You started with the last panel talking about areas where there was no electricity. Three of us here served in the Peace Corps

in areas with no electricity. Representative Walsh, Petri, and Shays, myself, and Tony Hall here in the House are former volunteers; in the Senate Chris Dodd was a volunteer and Senator Coverdell is a former Director of the Peace Corps.

We are here to request that you honor the requested increase of $45 million for the initiative to have 10,000 volunteers in the field by the year 2000. Why is this important to us? Because the demand out there is incredible. Last year, 150,000 Americans requested information on serving as volunteers overseas, an increase of 40 percent since 1994. 10,000 Americans apply to the Peace Corps each year and only 3,500 are accepted. The Peace Corps is more exclusive than some Ivy League schools.

The failure to support the Peace Corps I think is a two-fer loss to this country. One, we lose the ability to be represented in foreign countries cost effectively. You don't earn much when you are overseas with the Peace Corps.

And on the domestic side of it, we lose the ability for Americans to know other languages and other cultures. We find that when volunteers come home, on average, they volunteer more than other people--they help prepare the nextgeneration to succeed in a continually shrinking world.

We all participated in a back-to-school last month when volunteers who had returned from Peace Corps went into schools all over the United States to share their experiences. Representative Shays and I went downtown where we were with a group of school children from Washington. We participated in a live satellite connection with a group of children in South Africa who had driven 10 hours to get to the broadcast site--their teacher was a Washington, DC, Peace Corps volunteer.

These were students talking student-to-student about their respective lives and their countries. This kind of experience is invaluable. I mean, if we are talking about understanding the world and being friendly in the world, I think there is no better dividend than the Peace Corps.

Lastly, I would just like to tell you that I think we all serve. That is what our job is about--of being in service to your country. My wife, seeing me as a return Peace Corps volunteer and seeing me as a Congressman said, ``Sam, you are still a Peace Corps volunteer. You just changed your barrio.''

So I hope that you will honor this request because it is nothing but beneficial to our country to have more volunteers in the field. Some 6,500 volunteers are now serving in 85 countries. The demand for more volunteers is high. The ability to fulfill that demand is in your hands.

[The information follows:]

[Pages 234 - 235--The official Committee record contains additional material here.]

Mr. Callahan. Mr. Petri.

Tuesday, March 31, 1998.

PEACE CORPS

WITNESS

HON. THOMAS E. PETRI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. Petri. Yes. I just would submit this for the file, and I am here with my colleague. I served in Somalia, and I do think if you need to convince yourself of the worth of increasing the budget for the Peace Corps, you may want to just review what has happened to people who served in the Peace Corps when they finished.

You will discover that an extraordinary number of them end up in international jobs, corporations, working for AID, doing various community service work. We are investing in ourselves really more than we are just in other countries and in developing our range of skills as a nation that we need to operate in this modern age. I think it is a great educational program.

I always tell kids if you lived in the same fishbowl all your life, you don't really know if it is a good fishbowl or a bad fishbowl or an average fishbowl. It is only when you get outside of your own society that you really learn to appreciate a lot of the strengths and weaknesses of your own society. So I think it is a wonderful thing for all of us and for those who participate in it.

[The information follows:]

[Page 237--The official Committee record contains additional material here.]

Mr. Callahan. You have such respect on this committee, all you have to do is ask.

Mr. Petri. Please.

Tuesday, March 31, 1998.

PEACE CORPS

WITNESS

HON. CHRISTOPHER SHAYS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT

Mr. Shays. The sand is running out, and I would just love to thank you for what this committee has done because you have been outstanding supporters of this program. We are just here to confirm that your money is well spent and to tell you that we are willing to--I am willing to vote for offsets to provide the tens of millions, not tens of billions, but the tens of millions necessary to bring this up, the 21 percent, to the President's request of 270 million, and to tell you that I am absolutely convinced that Mr. Garon and the Peace Corps staff will make sure that money is well spent and be able to document that we are doing a lot of good and just end by saying----

[The information follows:]

[Pages 239 - 240--The official Committee record contains additional material here.]

Mr. Callahan. There will be no need to vote for offsets for this particular program.

Ms. Pelosi. Mr. Chairman, if I may--oh, I am sorry. Go ahead.

Ms. Kaptur. I just have two. Since we have such experience before us here, I am fairly new to this subcommittee. Let me ask you two questions based on your long history with the Peace Corps. Number 1, in view of what is happening to our population as a lot more baby boomers reach the age of 50 and a number of them have been blessed by life in this country, how do you think some sort of tax credit that we could offer to business to release someone for a year or two to augment this program to where we need to be in terms of numbers and also experience?

One of my own observations about the Peace Corps is many of our volunteers end up getting an awful lot of enrichment by traveling abroad and so forth. But sometimes what they have to bring to other areas is new energy and enthusiasm but not always the level of experience that many of these countries could benefit from. Why don't you comment on that?

Mr. Farr. Well, my feeling is that tax credit isn't necessary. The demand for Peace Corps is very high. Usually you give a tax credit when you want to stimulate investment.If this was an idea where American corporations could be contributing to the Peace Corps budget, I--I mean, I don't know if that's what you want to do.

Ms. Kaptur. Like they do with the Reserves?

Mr. Farr. But you don't need--you have such an interest in the Peace Corps. You have a demand for the volunteers and you have a large number of applicants who want to be in the Peace Corps. So I just really don't think that you need that added incentive, which also is an added cost. I think you can absorb the number of requests and you can absorb the number--requests for volunteers and those who want to be volunteers without added incentives.

Ms. Kaptur. Do you think we have enough experienced individuals going into the Peace Corps? If you look at the total number versus the younger applicants.

Mr. Farr. You have to be invited by the host country. They list the skill levels that they want the Peace Corps volunteers to have. We go out and recruit those skill levels in the United States. There's no age limit.

Mr. Shays. And the average age of a volunteer is 28. That's admittedly child in some cases because you have a lot of--a number of seniors. But you have a lot of experienced people. Maybe in particular areas, you will want a volunteer to provide some incentive in engineering or some health care area and then maybe you should have the flexibility but----

Mr. Farr. In fact, I've found sitting on the Floor, it's a place for our former members, after--post-congress to serve in the Peace Corps.

Ms. Kaptur. Well, I think the people that I know back home that are talking about retirement, 52 and 55, are looking for something to do. I haven't really looked at the budget impact of this, but I have often wondered if it wouldn't be interesting to give a tax credit, just so they don't take a loss while they're there, if that wouldn't be cheaper than some of the grant money, you know, that comes through, direct appropriated dollars.

Mr. Shays. We'll be happy to speak to them because we could convince them to do it without any money. They will have two of the best years of their life. They're not going to make much taxable income.

Ms. Kaptur. If I may, Mr. Walsh was in earlier and I want to say how impressed we are by your presentation but how necessary it is. Although the Chairman is very generous, it's important because we had our struggle on conference last year on this money and of course the request from the Administration is so much larger this year. So it's very important that there be such articulate advocates out there on this issue. So thank you for your testimony.

Mr. Shays. Thank you.

Tuesday, March 31, 1998.

NATIONAL AUDUBON SOCIETY

WITNESS

DAN BEARD, SENIOR VICE PRESIDENT

Mr. Knollenberg [presiding]. Mr. Beard is with the National Audubon Society and Mr. Watson is with the Nature Conservancy. Gentlemen, you're on. We'll turn the tube here and----

Mr. Beard. Okay. Mr. Chairman, Ms. Pelosi, the members of subcommittee. I really want to thank you on behalf of the Audubon Society, which has 600,000 members in the United States, Canada, and Central America, located in 520 chapters throughout those regions. We are involved in the population issue because we believe it is a central component of sound environmental policy in both the United States and the world. We strongly urge the subcommittee to provide increased funding for the U.S. international population assistance program, and that this assistance be provided without unreasonable restrictions that only serve to reduce the effectiveness of the program. We urge you to restore the funding for this program to the $600 million level which is $50 million above the amount appropriated in 1995. And this level of funding is needed to achieve the goal of universal access to reproductive health care and other goals necessary for dealing with population problems throughout the world. These problems affect the United States and the 180 other countries who agreed to the International Conference on Population and Development in 1994. We recognize the valuable contributions the members of this subcommittee have made to keep stable funding in the population assistance program. We also recognize how difficult that has been for all of you in the last couple of years.

A century ago, the Audubon Society was organized for the

purpose of protecting birds from the onslaught of commercial interests and private consumers that were pushing birds to extinction. Today, we are concerned--we still are concerned about birds and other wildlife and their habitat, but the threats to birds have expanded. But the most--most originate with people. And it is no longer possible to deal successfully with the myriad of threats to wildlife without also addressing the driving force behind those threats, and that is humanity's population growth and its effect on natural habitats.

Ever twenty minutes, as 3500 people are added to our world, another species of life becomes extinct. The uniquely evolved part of our creation is gone forever. And as long as human population continues to grow unchecked, other species will soon disappear.

In our view, birds serve as an excellent indicator of the barometer of our health and the health of our hemisphere's natural systems. The annual migration of millions of birds from--to and from Latin America tells us by their returning numbers about the conditions abroad that will ultimately affect us here at home.

Now, while human population growth is the greatest single threat to our planet and its wildlife, it is one world problem which can be solved today. The greatest single contribution America can make to achieve a stable human population is to achieve--to provide financial assistance that will enable the nations of the world to address their own population issues. Relative to the benefits that will come to us from a stabilized world population, the investment is a small one. At a minimum, we need to keep the funding commitments we as a nation made in Cairo in 1994. This is not an obligation the United States must shoulder alone. Other developed countries contribute an even greater portion of the GNP to population programs. And, furthermore, the developing countries are shouldering their--meeting and their commitments to bear two-thirds of the costs of these programs. A number of countries have even graduated from donor support and now fully support their family planning and population assistance programs. The National Audubon Society urges you to recognize the long-term benefits of the U.S. International Population Assistance Program, and support the highest possible funding level possible. We really do believe that every penny we spend now will save us countless dollars down the road. And more importantly, the money we spend today on population assistance programs is the surest way to guarantee the survival of our priceless wildlife heritage. Thank you.

[The information follows:]

[Pages 244 - 255--The official Committee record contains additional material here.]

Tuesday, March 31, 1998.

THE NATURE CONSERVANCY

WITNESS

ALEXANDER F. WATSON, VICE PRESIDENT

Mr. Knollenberg. Thank you. Now we turn to Mr. Watson.

Mr. Watson. Thank you, Mr. Chairman. Mr. Chairman, on behalf of the Nature Conservancy, I really appreciate this opportunity to give our views on the Fiscal Year 1999 foreign assistance appropriations. I will present a brief summary, if I may, and then submit a larger statement for the record. The Nature Conservancy's mission is the protection of plants and animals that make up the natural world, primarily through protection of their habitat. Mainly through private means and the generosity of our members, of whom we have about 900,000 now, in all 50 states, during the last 50 years helped us to purchase, using private funds and exclusively from voluntary sellers, the 1.2 million acres we now preserve in the United States, which makes up the world's largest system of private nature preserves. The Conservancy also works in 24 countries in Latin America and the Caribbean and the Asia/Pacific region, abroad, buying property and owning it like we often do in the United States. We help local organizations improve their effective level of protection to biodiversity, mainly in existing parks and protected areas, by strengthening local institutional capacities, building infrastructure, and involving local people in community-based conservation. Since the beginning of our international program in 1981, we have helped protect more than 74 million acres of biologically significant land in the Western Hemisphere alone, as well as critically important rain forest conservation sites in the Pacific island countries. The implications of these kinds of actions, protecting forests and soil, and watersheds for hydropower as well as for irrigation and fisheries are obviously enormous in developing countries.

Now, the Parks in Peril Program, which is the flagship of our efforts in Latin America and the Caribbean turns what we call ``paper parks'' which is parks which exist on a map but don't exist in any real sense in developing countries in Latin America and the Caribbean, and they're generally protected areas. The Agency for International Development has been vital to our international efforts by its support for global biodiversity protection, especially through its funding of Parks in Peril. Our partnership with AID is managed under an innovative, multi-year cooperative agreement that minimizes the administrative burdens and expenses while maximizing the return on taxpayers' dollars. AID's growing commitment to helping international conservation, using assistance instruments, leverages resources from non-AID sources. For instance, AID has produced $27.5 million for Parks in Peril Program since 1990. But this has been matched by $10 million from the Nature Conservancy and local governments and in-country partners. But way beyond that is the money which has been leveraged by our local partners and local governments based upon what AID and we have produced. We estimate that figure is around $180 million of non-AID funding, including debt-for-nature swaps, some large carbon sequestration projects that have been financed by major U.S. utilities and oil companies and developing countries, grants from the Global Environment Facility and from foreign countries like Japan and the Netherlands and the European

Union.

This Committee in previous years has explicitly recognized the importance of defending biodiversity through public-private partnerships. The Nature Conservancy certainly appreciates that support very, very much and urges the Subcommittee once again to strongly support continued funding of the Parks in Peril Program, as well as the rest of AID's biodiversity programs in the FY 99 appropriations process. We also endorse appropriations for two other activities with great potential impact on international conservation. First, we support full funding of the Administrations $300 million request level for the Global Environment Facility, which includes biodiversity among its concerns, which is no substitute for the GEF in dealing with global environmental problems. And, second, we support the Tropical Forest Conservation Act, H.R. 2870, originally co-sponsored in the house by Congressman Portman, Kasich, and Hamilton, which was approved on the House floor, I think in the last week, March19 I think it was. If that is approved by the Senate and becomes law, then appropriations will be needed and we hope members will then look to all possible sources to support this worthy measure--outside Function 150, but also within it. And, hence, this Committee's report created space for this measure. We have appended to my written statement, language regarding Parks in Peril, GEF and the Tropical Forest Conservation Act, which we hope the committee will find useful in preparing its report, accompanying the appropriation legislation it is considering today.

Finally, Mr. Chairman, I understand that members of the committee are going to be traveling to Central and South America later this week and next week. And we would be delighted to take you to the places we work, if that proves to be convenient to the group, in their Costa Rico or Bolivia. Thank you very much.

[The information follows:]

[Pages 258 - 276--The official Committee record contains additional material here.]

Mr. Knollenberg. Thank you, Mr. Beard and also Mr. Watson. We do plan on going to that area and whatever is on the schedule, I guess, but we appreciate your invitation.

Ms. Pelosi. If I may, Mr. Chairman. Clearly we were well served by these gentlemen when they were in the public sector and now they continue this great contribution in the private sector. Thank you for your testimony and for your leadership.

Mr. Beard. Thank you.

Mr. Knollenberg. Did you have a question?

Ms. Kaptur. I just wanted to ask Mr. Beard, based on some of the information in your testimony, do you have any information over at the Audubon Society about arable lands, agricultural production and population growth?

Mr. Beard. Yes, we do. And I would be happy to come back.

Ms. Kaptur. We would be interested in that and you obviously also have a lot of information.

Mr. Beard. We do. We would be happy to come back and talk with your staff and figure out what it is you need and how we

can help. Thanks. Good to see you again.

Mr. Knollenberg. Mr. Kingston?

Mr. Kingston. How many species of animals are there?

Mr. Beard. I don't have the number right off the top of my head. I mean, there are species of birds in North America there are 700. But I wouldn't----

Mr. Kingston. You can't estimate at all?

Mr. Beard. Not off the top of my tongue.

Mr. Kingston. Well, just to nit pick with you a little bit, but I don't think it's nit picking since this is your testimony, but 20 species are every 20 minutes we lose a species as the population goes up 3,500, correct?

Mr. Beard. Um-hum.

Mr. Kingston. Which is three an hour, times 24 would be 72 a day, times 365. We're losing 26,000 species a year.

Mr. Beard. I would be happy to check the figures and then get back to you with an answer as to the accuracy of the statement.

Mr. Kingston. Is it at all possible you could lose 26,000 species a year?

Mr. Beard. Yes, it is, depending on all--all the species of all the creatures on the globe.

Mr. Kingston. So in four years time we lose over 100,000 species?

Mr. Beard. I would be happy to clarify the statement for you and get back to you with the answer.

Mr. Kingston. You know, I don't want to be--well, let me be real candid and negative. But I'm saying this not anything directed to you personally, but that's a pretty significant part of your testimony to be guessing on. And a group like Audubon to come in here and say that we're losing 26,000 species a year and not know for sure that that number is right, you know, that bothers me, as an appropriator, because you guys are sincere in what you're doing and your testimony is good and you have good committee support. But I sure hate to find out that it was totally wrong. Because, we're with you on this, but, you know, we hear so much stuff in this town, a lot of times from the environmental community, a lot of times from social communities, a lot of times from the military community. But I mean, just doing the simple math, 26,000--actually 28,000 species a year. I don't know. I had no idea how many species there are out there but it would appear maybe sooner or later we're going to----

Mr. Beard. Let me clarify a little. If you take all the species of all the plants and all the animals, which includes, you know, there's millions and millions of species of different kinds of species. But I would be happy--our quote comes from E.O. Wilson and the sources and I would be happy to get back to you with a clarification.

Mr. Kingston. Well, you know, I'm picking at you only to the extent that I know you're very sincere and I don't want that to--it only says, you know, what your objective is is not going to be affected by, you know, that little footnote.

Mr. Beard. It's a fair pick.

Mr. Kingston. But I do think that we, in Washington, need to be very careful about what we set--I've heard the same kind of stats in similar meetings on the number of people who don't

have health care and you do the math on it and I know for one state, I did the math and I decided that more people were without health care in the particular state than lived in that particular state. So this isn't an indictment on Audubon and your mission, it's just Jack Kingston grinding his mathematical axe.

Mr. Beard. Okay.

Mr. Kingston. Let me ask you, Mr. Watson, a question. How many members of--you said you had 900,000 members.

Mr. Watson. Yes.

Mr. Kingston. How many employees does the Nature Conservancy have and is it divided up into a domestic and an international conservancy? Is there a holding company?

Mr. Watson. We have about 2,200 employees in all 50 states and then several in the countries. We don't have people living in every one of the 24 countries I mentioned. 2,200 people total in the organization. 900,000 members. And in each state we have a state director and there's a volunteer board of citizens from that state willing toprovide political power.

Mr. Kingston. So 2,200 is domestic and international?

Mr. Watson. That's right. The international program is only a small component of the whole operation.

Mr. Kingston. 2,200 are working in Arlington?

Mr. Watson. No, only about 300 of those are in Arlington, the rest are in the other 50 states.

Mr. Kingston. What are your gross revenues or gross receipts?

Mr. Watson. The amount that we receive each year--or our operating budget. Let me give you the operating budget, that's probably the easiest for you. About $190 million for the whole organization.

Mr. Kingston. Okay. Now, does that include the leverage money or----

Mr. Watson. That is the money that is given by individuals, corporations, donors, to The Conservancy for operations. Of that, our budget for the international program is about $30 million.

Mr. Kingston. And when you donate to something and it's leveraged, that money may or may not pass through, correct?

Mr. Watson. We have to be very careful about passing things directly through because for tax purposes in the United States, you know, if we're just simply passing money through and some other organization does not (have 501C3) status in the U.S. then the taxpayer is not getting the benefit that he should get. It has to come to us and then we use it for our programs overseas.

Mr. Kingston. That was my only question. Mr. Beard, I'm sorry for picking on you.

Mr. Beard. No problem.

Mr. Kingston. But I want you to know it had nothing to do with your testimony but it has a lot to do with numbers that I hear from time to time.

Mr. Beard. And, as I told you, I think it's a fair pick and we'll get back to you with a detailed answer.

Mr. Knollenberg. Thank you.

Tuesday, March 31, 1998.

INTERNATIONAL AGRICULTURE GROUP

WITNESS

PETER McPHERSON, PRESIDENT OF MICHIGAN STATE UNIVERSITY

Mr. Knollenberg [presiding]. Mr. Peter McPherson, please, and also Mr. Robert Ulrich. And I take great pleasure in introducing Pete McPherson, who is the president of Michigan State University. But that is only his current position. He, while being president up there, has an interesting background. He, too, was a Peace Corps volunteer, I believe I'm right in that respect.

Mr. McPherson. Right.

Mr. Kingston. He's had extensive government service, international relations activity, he's been involved in finance and law. He served in President Ford's White House as a Special Assistant. He's had experience with the Bank of America since leaving government. And he had the responsibility, I believe, for Canada and five Latin American countries in terms of finance and structuring on a variety of things. So that's a bit of his background. On top of all of that, and while being the president of MSU, he's a pretty nice guy, too. So I consider Pete McPherson a friend and I welcome him here.

Ms. Pelosi. I join you in welcoming him, Mr. Chairman. We are headquartered, you know, in San Francisco.

Mr. Knollenberg. The only thing I didn't say is he's been an innovator, too, while being president at MSU in terms of offering policy to reduce tuition or at least to maintain a rigid tuition that can be guaranteed. So with that, I'm going to----

Mr. McPherson. We're pretty far with our tuition program. We haven't had an increase in tuition for four years. What I wanted to talk about this morning was the international agriculture component of the budget. I represent here 22 universities, each of whom have put in some resources to form an ad hoc organization. Universities from all over the United States, Ohio State, Michigan State, Georgia, are members of this group, plus another 18 universities. These universities have been over the years, significantly involved in international agricultural work. When I took over, 10 years ago, USAID had about $1 billion a year going for agriculture work. And that commitment to agriculture had been there for a long time. There's no question that we have made enormous contributions. Some of them, for example, have been contributions to the Green Revolution and so on, to food production in developing worlds. That number has dropped to less than $300 million a year. It wasn't a conscious decision to chop out agriculture, as much as it was other pressures and other ideas that ended up taking priority and the food number has steadily dropped. I really believe this wasn't a conscious decision, but it has dropped, as I say, dramatically in the last ten years. I think that's bad for a series of reasons. One, from our own country's point of view, we know that markets for our exports are in developing countries. Some 60 percent of our exports now go to developing countries and there's a growth

rate projection of 9 percent a year. In short, where we're going to get export growth for producers in all of the states that are all represented here, we envision this to a large part to be in developing countries. And there's a broad-base conclusion among the agriculture producers in this country that food production in developing countries in fact increases our exports. That's interesting--it doesn't seem intuitive right off but the studies are pretty clear that roughly every dollar increase of food production in the developing world has net about 17 cents--of imports from the developed world. What happens is that as people have more income, reflected in more production, they end up importing more. A good example is that in Korea, we export to Korea about as much, if not more grain as all the PL480 aid that we gave them when we were providing surplus food to Korea. The pattern, in short, is clear, that for our own agriculture in this country, we need to increase food production in developing worlds. The American Farm Bureau, and agribusiness types have all in the last three or four years come together and concluded that was the case. They didn't conclude thatten years ago, which is interesting. There's been a shifted view in the farm community in this country. So for our own good, we need to do this. But of certain interest to this committee, and when you look at a place like much of Africa, overwhelmingly, agriculture is food production is the dominant economic activity. And if you don't increase food production you essentially can't ever get those countries back. And it's not just true in Africa, but insignificant parts of Asia and Latin America, it's true as well. And with the population growing, that there's more and more people to feed. So I think it's very clear that we need to help increase food production. This committee has had a very important role in trying to increase that number. And while I at AID--I think it's fair to say that I took a major initiative along with U.N.I.C.E.F. in their ORT efforts, Oral Rehydration Therapy efforts. I look at some of my old AID colleagues and remember those days, we really did a lot. Mr. Flickner, you remember that. We really pushed that effort hard. But there has to be a balance between population efforts, environment and so forth because if kids don't have food, they won't be health. The best way to have healthy kids is to have food, really. And I think we inadvertently cut back too much on agriculture. If you want to keep environments going, you better have the farmers have enough skill to raise food so they don't do all kinds of awful things to the environment just to survive.

Well, the next point I would like to make, and I'll stop here in a moment, is that when I look at what I had during the six-and-a-half years I ran the foreign aid program, the tools we had were substantial. But the environment in the world today has the potential of being an environment where food production could be increased more and faster than in the past. First of all, we've got the biotechnology that clearly gives us tools to create new seed varieties that are drought resistent, and insect resistance, with biotechnology, in the past you used to have to wait almost a generation to get new breeds of animals or new varieties of seeds. Today we can create very quickly, at places like the universities that are represented at this table, all of your universities, have those skills. Information technology is a great tool. I used to ask when I wanted to place a solo research effort, where would I put it. Where would

I put the scientists? Would I put them out in Western Sudan or would I have them at UC Davis or Purdue. There was a terrible quandary because you really needed to have them both places. But the information technology today allows us the capacity in real time to do work all over the world and I see this as a great tool for training and research. Literacy rates are much higher all over the world than 20 years ago. The entrepreneurial revolution, has almost created a global economy. We've got a situation that with our foreign aid efforts generally, and agriculture particularly, we ought to be able to do more in the next ten years than we were able to do in the last 20. And I would really hate for us not to drive this thing with substantial resources behind it.

Mr. Kingston. Mr. McPherson, if you want to summarize real quickly. We may have a few questions, I know, on Ms. Kaptur, as a member of the Agriculture Committee, and Ms. Pelosi as child survival and everything else.

Mr. McPherson. I will summarize.

Mr. Kingston. You have a lot of friends here.

Mr. McPherson. I will just say that I--we believe that we should have about $500 million in AID account for agriculture. I checked to see that my colleague and successor, Brian Atwood, the other day, before this committee also suggested that that was a target that he wanted to work for as well. And I would hope that maybe the committee would look very favorably upon this program.

[The information follows:]

[Pages 282 - 285--The official Committee record contains additional material here.]

Mr. Kingston. Ms. Kaptur.

Ms. Kaptur. I just wanted to thank Mr. McPherson for coming before us today. I am vitally interested in agriculture and population. I am vitally interested in prime soils internationally and what we are doing to this world in their diminishment and the lack of salability in the next century. I am pleased to see your consortium, I am fairly unaware, but I know what Ohio State and Minnesota does and some of what Michigan State does. But I think your group is very important. I have been dismayed, as you have, in looking at most of the world, to see the decline in funds in the agricultural area. I certainly don't support that but I understand one of the reasons it happened. In many ways, very sophisticated institutions in the United States couldn't meet the third world effectively. Perhaps Ph.D.'s and biochemist could meet Ph.D.'s from Sudan but farmers from Toledo, Ohio find it difficult to give T.A., Technical Assistance, to farmers in other parts of the world. You need exchanges at every level of the chain and sometimes it's difficult for Monsanto Chemical and Cargil to make a difference in some of these other environments because the systems aren't developed, they're too weak to accept them. That's one of the reasons that at least we were told that the funds were decreased over the years, because agriculture couldn't meet the world. Now, perhaps scientifically they

could, but I told Secretary Albright when she was recently before our committee, I know a number of Members of Congress here who belong to the Ukrainian Caucus, would volunteer to go on trucks and give out seeds in that country. But you have to help us find a way to purchase those seeds and to set up a distribution system to get them to the private plot holders. That isn't quite the same as another Green Revolution, but it would be one of the most significant steps that we could take. And sometimes we try to do things that are so sophisticated they don't reach the grass roots. And I think that's one of the reasons that some of those dollars were cut back, because we were not being successful in the lives of ordinary people in many of these countries. So I hope that with your leadership and the interest of people here, we can help people all along the chain of production, and that the visionaries from your consortium will help us do that.

Mr. McPherson. I believe that, for example, Congresswoman, we could look at the wheat in the Ukraine and places like Kansas State, who has historically done a great deal of wheat work, could make, through tools such as biotechnology, could make some significant contributions. I don't know that specifically for a fact, I just know about wheat in the Ukraine and Kansas State. But there is--thebiotechnology and information technology tools allow us to work with subsistence farmers of the Sudan in sorghum and millet and farmers who of course are more sophisticated in the Ukraine, to do things that I think would meet your expectations.

Ms. Kaptur. I don't want to prolong this, but I thought you were here for Father Drinan's testimony, when he talked about North Korea and the absolute diminishment of forests in that where people are peeling off bark to feed themselves. Wouldn't it be wonderful if we could figure out a way to help the people feed themselves, if possible, working with human interest groups that are trying to make a difference there. So we hope to see your consortium develop over the years, you certainly have the best mind-power in this country in agriculture. We thank you for your life's dedication to that.

Mr. McPherson. Thank you.

Tuesday, March 31, 1998.

AMERICAN CONSULTING ENGINEERS COUNSEL

WITNESS

ROBERT ULRICH, VICE PRESIDENT, PARSON BRINCKERHOFF INTERNATIONAL, INC.

Mr. Kingston. Mr. Ulrich.

Mr. Ulrich. Thank you, very much. I appreciate an opportunity to be here, Mr. Chairman, Ms. Pelosi. My name is Bob Ulrich. I am a Senior Vice President with Parsons, Brinckerhoff and this morning I'm here on behalf of the American Consulting Engineers Counsel, which is the national organization that represents the consulting engineering group. We're the ones that go out and design bridges and tunnels and highways and power plants and ports and the such. My company is a 115-year-old engineering, planning, construction, program

management firm. Our primary lines of business are transportation and energy. We have a staff of 5,500 professionals, of which 1,500 people are located outside the United States, and that would be primarily in Asia, Europe and the Middle East region. In my position, I spend about 40 percent of my time traveling outside the United States, working with our offices and clients. And wherever I travel, I hear pretty much the same refrain. And that is all things being equal, I would buy American. I hear that from client after client. The problem is that all things are not equal. And in the same refrain where I'm told we'd love to buy American, but the Japanese or the French are bringing the money to the table that allow us to build this project and that tends to be what drives procurement decisions in our business, unfortunately. We're today facing more competition, the stiffest competition I'll say, we've ever faced. And it's no longer simply Japan, Inc. that we're up against, we're today up against people like France, Inc. and Germany, Inc. and Belgium, Inc. and Norway, Inc. We just lost a project the other day in Lebanon to a Dutch company that was able to bid two-thirds of our price and we were priced competitive. They just came in with one-third of their price being paid for by the Dutch government. Now, I'm not here today that the way they do business is the right way to do it or the way that we would prefer to have it done. We don't believe so. However, our industry and U.S. Business in general, does require a level of support from the government that quite frankly we don't get today. The support does come from export promotion agencies such as U.S. TDA, the Trade Development Agency, the Export/Import Bank, OPIC, as well as the advocacy--business advocacy programs at the state and commerce departments. The work of these agencies, though limited in scope and resources when compared with what is available to our competitors is not only necessary but it's vital to the efforts of U.S. firms that have expanded into markets outside of the United States. And in so doing, have created jobs here in the United States. Quite a bit of the work that we do in Latin America is performed in our offices in Los Angeles or Houston or in Miami. And that's simply because we have an established work force in all those cities in that particular case, and we can do the work competitively and travel lengths and miles to allow us to do it that way. What I'm here to ask from you is support for those agencies. We tend to band these groups together and under what I will refer to as the ugly, erroneous and unfair phrase of corporate welfare. This term, to me at least, speaks to someone who is unable to support themselves. I would just say to you that having been through start up efforts in my company in Europe as well as Latin America, if you cannot support yourself, you cannot try and do business outside the United States. Typically, if you put someone on an airplane to go do a job, you've spent $10,000 before that person ever gets into an office and does anything. So you better be able to do it right the first time around. What we can't do though is compete against financing packages that are being offered on a global basis today that we simply don't have access to here in the United States. These payment terms include ten-year moratoriums on repayment periods in excess of 30 years and interest rates on loans from one country

to another, default loan, three percent. That's what we face and it's regardless of where we are today, in Asia, the Middle East or Europe, Latin America. In market after market, what we're seeing is not the strength of our competitors technical or managerial skills, but rather what we're seeing is what their governments are doing for them. I personally have probably spent about six trips last year back and forth to Buenos Aires on transportation projects. The French government walked in one day and put $2 million on the table and said we'll do a study for you and that was the end of my efforts. We're still battling to gain a position but we simply don't have access to that kind of assistance. In Turkey today, we are working--and I'll conclude quickly, we're working on a project or attempting to where we've ended up having a team with a Japanese trading house. They put an offer on the table of $2 billion worth of financing, with a 40-year repayment term, with three-quarters of one percent interest. I just don't have access to that and realize there are budget issues and being a taxpayer, I'm not asking you to raise my taxes and I realize the constraints you work under. But what we are asking for is that the people who are involved in export promotion--I find these people within the U.S. government to be very professional, they don't punch a clock, they've really gone the extra mile whenever I've asked them to do it, here in Washington or in the host country. And I ask your support of these agencies.

[The information follows:]

[Pages 289 - 296--The official Committee record contains additional material here.]

Mr. Kingston. Ms. Pelosi.

Ms. Pelosi. I thank Mr. Ulrich for his testimony. You know the members of this committee, Mr. Callahan and I, at least I can speak for the two of us, have tried to stave off any assaults on the authorization side as far as export promotion. TDA doesn't usually come under too much assault. But some of these countries have loss leaders, they will do this to get business and there is just really not much we can do about that except to do what we think is appropriate. I don't consider it corporate welfare, I think it's very important for us to engage in this. So, I think that the leadership of this committee has been very supportive of initiatives that you have discussed and I completely agree with you about the caliber of leadership that the Clinton Administration has appointed to those positions. Thank you for your testimony.

Mr. Ulrich. Thank you. I appreciate that.

Ms. Kaptur. I just want to thank you very much for your testimony. I served on the banking committee for many years and the whole issue of competitive finance and trying to meet some of the internal subsidies that these other countries offer. I guess I have come to the conclusion that in some ways, we in our country are captured by our own myopia as far as capitalism functions in other places. One of our problems is getting some of our own colleagues here to see that there are different

forms of capitalism that function many times in cahoots with their governments. And you got caught in that and a lot of other businesses got caught in that where they were the low bidder in a construction project and because of the internals of that government, they lost the contract, they got $2.5 million on the plate right now, they have to try to get some of their resources back. But it doesn't always function like the textbook version. I just give you a lot of credit for the work that you're doing with your company, you really are plowing new ground in many parts of the world. I am someone who has traditionally supported many of these programs, but with some caveats and amendments. So thank you very much for coming today.

Mr. Ulrich. Well, thank you. I appreciate that.

Mr. Kingston. One thing that I think all the members of the committee would recommend for you to do is tell your representative, whoever he or she may be, that story about France. Because I think that that really shows--that's the whole story right there. Thank you for being with us.

Mr. Ulrich. Thank you.

Tuesday, March 31, 1998.

CHILDREN'S HEALTH PROGRAMS

WITNESS

HON. CONSTANCE MORELLA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Mr. Kingston. We'll hear from Congresswoman Morella and then Barbara Bramble.

Mrs. Morella. I do want to thank you, Mr. Chairman, and members of the subcommittee here for the opportunity to appear before you to discuss some of the foreign assistance programs that are of special interest to me. And I certainly want to thank you for the key role that you and the committee have played in supporting many of these programs, especially children's health programs, Vitamin A Programs, UNICEF and basic education.

Mr. Chairman, you demonstrated last year your commitment to addressing the growing problem of tuberculosis, increasing the child survival account by $50 million, to strengthen funding for infectious disease programs. As you know, TB is the biggest infectious killer of adults in the world, killing nearly three million people each year. TB kills one million women every year, killing more women then all causes of maternal mortality combined. In fact, TB is the biggest killer of people with AIDS.

There's a low-cost, effective treatment for TB which the World Bank has identified as one of the most cost-effective health interventions available, and yet only one in ten people with TB have access to this treatment. With roughly 15 million Americans infected with TB, the U.S. has a strong interest in stopping its spread world-wide. Given the prevalence of international travel and migration, TB can only be successfully controlled in the U.S. by controlling it everywhere else.

Without complete and effective treatment, we will see a dangerous increase in multi-drug resistant strains of TB. Infections of MDR TB can cause U.S. treatment costs to skyrocket. I hope that this subcommittee will work to increase funding to fight this threat.

Vitamin A programs are perhaps the cheapest and most effective means which we have of reducing infant and maternal mortality rates. In its annual State of the World's Children report released in December, UNICEF reported that vitamin A supplementation for young children, in the form of a vitamin A capsule, costing only two cents and given two to three times a year, can reduce child deaths by 25 percent. Even more dramatically, there are initial indications in some developing countries that giving weekly vitamin A to pregnant woman could reduce maternal death rates by 40 to 50 percent. And yet vitamin A deficiency still contributes to the deaths of millions of children each year. It's so easy to remedy it.

Oral rehydration therapy is another inexpensive means of preventing dehydration caused by diarrhea. Every year, one million children are saved from death by this very simple sugar and salt solution and yet over two million children still die each year of diarrhea.

We need to increase our efforts to ensure that oral rehydration therapy and vitamin A supplements reach all of those in need.

I would also like to comment on microcredit assistance. It's a great program, it helps people help themselves, and pull themselves up by their own bootstraps. And that's why I'm especially concerned that US AID funding for microenterprise programs declined considerably from 1994 to 1996 and even in 1998 the funding is not meeting the capacity of the need. According to a December US AID report, funding fell from $137 million in 1994, that was for programs in the developing world, to $111 million in 1996, for programs in the developing world and the former Soviet Union and Eastern Europe. US AID plans to spend $135 million in 1998 for microcredit programs in the developing world and former Soviet Union and Eastern Europe. And even if this 1998 target is reached, it's not even going to restore funding for the developing world back to the 1994 levels.

Also, US AID is committed to devoting half of its total microenterprise resources to poverty lending programs making loans under $300, especially for women. And yet, in 1996, they didn't even reach that goal; only 38 percent of US AID's very reduced funding went to support poverty lending programs. And in fact, according to their report, only about two-thirds of the total microenterprise funding in 1996 actually supported credit programs at all. So I hope that looking at that, this subcommittee will consider earmarking specific funds for these programs only.

The value of these programs is demonstrated in the case of Uganda, where many women are left to care for children alone because of diseases like AIDS. Drucilla Sebugenyi is a widow. She provides the sole support for her ten children and when she first began participating in a FINCA-run village bank, she was only able to provide one meal a day for her family. In the process of investing and repaying her first $74 loan, she was

able to save $158. She reinvested it in a used clothing business. Soon she decided to diversify, planting cassava and potatoes to sell. Now Drucilla can always feed her family, even when there is little cash on hand. The FINCA program has over a 95 percent repayment rate, even in this region devastated by AIDS. Incidently, as an aside, I was on a panel with Dr. Fochi, who is the AIDS expert just the other night. He said that 45 percent of Uganda military are HIV positive or have full-blown AIDS.

Finally, Mr. Chairman, I would hope that we could avoid the contentious debate this year on the question of policies governing international family planning assistance. I know that we differ on this matter, but I think that we can all agree that the place for authorizing language is in authorizing legislation and so I hope that you all will work for a clean bill in this regard. I hope that the subcommittee will agree to the funding level requested by the President. And I see that we have been joined by Congressman Callahan, who has been very good on these programs. In fact, this whole subcommittee has been. I thank you very much for the courtesy and the honor of testifying.

[Statement of Hon. Constance A. Morella follows:]

[Pages 300 - 303--The official Committee record contains additional material here.]

Mr. Kingston. Thank you for the concise report and all the things you've touched on. Ms. Pelosi.

Ms. Pelosi. Well, as usual, an excellent presentation. I think there's some reason to be reassured that hopefully we will get our number up to at least $135 million in microlending. This statement stands on its own, but there's one point I wanted to make about your initial part about tuberculosis. My other subcommittee, Mr. Chairman, is Labor-HHS and we fund NIH. More and more questions there are being internationalized when Brian Atwood was in here we asked about what the coordination was in some of their initiatives with some of our domestic agencies. With NIH, more and more you see the clear connection with how our people are affected by the spread of disease internationally. I believe we have a moral responsibility as well, and we have some answers, to improve health elsewhere, but for those who are not singing from that hymnal, it is also in our self-interest to do so. Congresswoman Morella has long been a champion on these issues, and of course she represents NIH in Congress so she understands better than anybody how these things are connected. But I just wanted to say I think you'd be encouraged to see that in fact we have a standard international question now in the Labor-HHS committee.

Mrs. Morella. Do you--Congresswoman Pelosi, you've always been a champion in that regard and I appreciate what that subcommittee also has done. There's just no doubt there are these connections, you know, whether it's TB, whether it's for HIV/AIDS, whatever it may be. And so it's a terrific investment and I appreciate your mentioning that. These things are so inexpensive, it's just amazing, isn't it.

Mr. Kingston. Ms. Kaptur.

Ms. Kaptur. I just wanted to thank Congresswoman Morella. I've always been one of her admirers, to say thank you for mentioning microcredit and particularly the relationship to women who tend to hold villages together all over the worlds, raising their families, getting the food on the table and pointing out what the FINCA program is doing. And I'm truly interested in that myself and I just thank you for incorporating that into your testimony.

Mrs. Morella. Thank you very much.

Mr. Kingston. Mr. Chairman.

Mr. Callahan. I thank you for your kind words.

Mr. Kingston. You don't want to comment on that closing paragraph.

Mr. Callahan. Well, thank you very much.

Mrs. Morella. Thank you very much.

Tuesday, March 31, 1998.

NATIONAL WILDLIFE FEDERATION

WITNESS

BARBARA BRAMBLE, SENIOR DIRECTOR, INTERNATIONAL AFFAIRS

Mr. Kingston. Barbara Bramble? And Jana Mason. National Wildlife Committee and U.S. Committee for Refugees. Ms. Bramble, you are first.

Ms. Bramble. Thank you, very much. I was going to say good morning but it isn't any more.

Mr. Kingston. And we appreciate your patience and you can submit as much as you want.

Ms. Bramble. I understand that and I'll try to save everybody some time, making just very few points. I'm Senior Director for International Affairs at National Wildlife, which, as you probably know, is the nation's largest membership conservation organization. And I'm here basically to support the package of programs that we would call the sustainable development group in the 150 account. These are programs that help build broad-based economic prosperity with the goal of eliminating severe poverty, promoting strong and just democratic civil societies in countries overseas, and especially for our members, of course, protecting the environment, the planet that we all share. And in the 150 account, as you know, there are both bilateral and multi-lateral programs that make this up. The thing is about these programs, they're all long term. They need long-term nurturing and they need a commitment over time. When you don't see that, in a short number of years, I'm sure people get impatient, but there is some progress to report. And what we're hoping is that these very modest investments would be continued over the long-haul that they need.

In the bilateral category, we are supporting the President's request for development assistance plus I must say, with a strong emphasis of course on the environmental protection programs for US AID but also an increase to be

allocated to development assistance specifically for voluntary family planning, and maternal and child health care. We also are supporting their work in girls' and women's education.

And in the multi-lateral programs, we support the President's request for IDA and the full $300 million request for the GEF, which is going to cover most of the arrearages there, based on the progress that have been made in those two institutions. As you know, we had some questions about them over the years but those questions are being answered as changes are being made.

I think our nation is much more likely to see the reforms that we advocate be adopted if we show good faith by paying our fair share as the reforms are phased in over time. And of course, we emphasize the small but crucial contributions to the agencies in the International organizations and program account.

I'd like to spend my remaining couple of minutes underscoring some of the things that these agencies actually do. You all, of course, know most of this is for the record, after all. We detail more in our written testimony. In terms of the World-wide consensus goal of population stabilization, I've got a thought about how we can get around the longstanding problem of mixing, what happens in voluntary planning with the problem of abortion. This is really crucial because the global rate of increase in population is beginning to slow. The programs people agreed to in Cairo work if they are funded. Thus, we strongly advocate that the U.S. work up toward its goal share of these programs and allocate a large amount of DA, particularly we're asking this year for $600 million for voluntary family planning. And I want to use just one example. As you all know, National Wildlife Federation does not take a position on abortion but we do support voluntary family planning because it reduces effects on women's health and the environment. If you consider the experience of the former Soviet Union, you'll see why we think there's such a great separation between family planning and abortion. Contraception was very unavailable in the Soviet Union prior to 1991 and in that year, with support from US AID, International Planned Parenthood Federation set up an affiliate in Russia. Four years later, a survey by the Ministry of Health confirmed that while contraceptive use had increased from 19 percent to 24 percent, the number of abortions performed per 1000 women dropped by more than 30 percent, from 109 per 1000 in 1990 to 76 per 1000 in 1994. This example is striking but it is not unique. It has been replicated in many other countries around the world. I hope we can find a way to move beyond that particular debate.

On the multi-lateral agencies, just a couple of quick points. United Nations Environment Program, as you know, has the role of gathering and disseminating scientific information about the global environment and convening nations to agree on treaties that deal with problems no one nation can solve. Hazardous waste and toxic chemicals trade for the loss of species you were talking about earlier. The treaties that are brought to fruition by UNEP are crucial to help bring other nations up to our standards in many of these fields. And, of course, it's under new management this year, as you probably know, so we're looking forward to even a greater contribution

to global environmental improvement.

In 1974, you probably remember they started the program called Regional Seas, under which they brought together all the nations that would surround a particular body of water, develop an action program and begin the years of work for recovery of fish stocks for example, or pollution reduction. There is one for the Caribbean and the United States is a part of that. It has an action plan that is in place. The onefor the Mediterranean has Arab countries and European countries working together. There is no way the United States could bring about that volume of good work by itself.

Mr. Kingston. Ms. Bramble, let me encourage you maybe to submit the rest of it, if you can or----

Ms. Bramble. I certainly will.

Mr. Kingston. I don't want to deprive you of some----

Ms. Bramble. Just one key point. The global environment facility is the body that brings a lot of this together. You have UNEP doing the environmental science, you have UNDP doing the capacity building and you have Global Environment Facility putting the money together. There is a particularly good example of benefit to the United States which has to do with the community seed bank that GEF set up in Ethiopia with the cooperation of UNDP and it now has thousands of varieties of the local seeds from Ethiopia. A couple of years ago, there was $160 million barley crop which threatened failure in California. They found the virus resistent strains to bring a solution to that. It was in the Ethiopian seed bank. So I think, again, we've got an extremely inexpensive investment in catalytic agencies that are extremely valuable in their response to the U.S. problems, not just global ones. Thanks very much.

[The information follows:]

[Pages 307 - 319--The official Committee record contains additional material here.]

Mr. Kingston. Thank you. Ms. Pelosi.

Ms. Pelosi. I'm just very impressed by this excellent testimony and I thank the witness. No questions.

Mr. Kingston. You have some real meat in here and I'm sorry to have to rush you and all the witnesses but. Ms. Kaptur.

Ms. Kaptur. I have no questions. I just want to thank you very much, before I have an opportunity to actually read it.

Mr. Kingston. Mr. Chairman.

Mr. Callahan. Well, I guess some of the issues were not supposed to be resolved in this committee, unfortunately, that burden falls on our shoulders. Especially the population control. And I'm pro-life, I'm Roman Catholic and I disagree in a sense with my church about the use of prophylactics and oral contraception for population control but nevertheless my views and the views of this committee ought not be at issue. But, unfortunately, when our bill gets to the floor, it's attached, even though committee didn't address it. With respect to the DEF, we can get President Clinton back to the United States, and stop him from giving away money, we may have some for these

programs like the DEF but we'll do the best we can.

Ms. Bramble. We appreciate that.

Mr. Kingston. Also, Ms. Bramble, we have a report line about alternative contraceptive in the Soviet Union in this committee which was supported on a bipartisan basis. And I don't know if you're aware of that, that's, you know, something that we do appreciate the numbers that you've given us and love to know exactly why that has happened but I'm glad----

Ms. Bramble. It's very striking.

Tuesday, March 31, 1998.

U.S. COMMITTEE FOR REFUGEES

WITNESS

JANA MASON, GOVERNMENT LIAISON

Mr. Kingston. Ms. Mason, U.S. Committee for Refugees.

Ms. Mason. Thank you. Mr. Callahan, members of the committee. I'm aware of your time constraints here. I have submitted a detailed statement for the record. I would just touch very, very briefly on some of the points I want to make. I'm here to talk about two of the accounts that are funded by this subcommittee, both of them refugee related--MRA, which is Migration Refugee Assistance Account, and ERMA which is the Emergency Refugee Account. The two major items that are funded by both of those accounts are overseas assistance to refugees and internally misplaced persons and refugee admissions, which I know is not a major concern of this subcommittee but the initial costs of admissions are funded through the account so it is relevant here.

The two major issues I want to talk about in overseas assistance have to do with funding for Bosnia and repatriations. And in both of those issues, we have major shortfalls in U.N. funding. I'm going to talk very briefly about refugee admissions as well and you can read the rest of it in my statement.

First of all, I need to mention one thing--which is that we're very aware that refugee funding hasn't suffered some of the dramatic cuts that other international affairs programs have suffered and we're very grateful for that. There was a $20 million cut a couple of years ago. We're not asking for major amounts of increases. We are here to ask for a $45 million increase in MRA, and for the ERMA account to be funded at $50 million rather than $20 million which is what the Administration is asking. We're asking for that, not because we're ungrateful for what the committee has done but because of the real need overseas. The first need has to do with the fact that the budget would cut aid to refugees in Europe, primarily Bosnia, by about $13 million. This is very troubling when you look at what's going on in the former Yugoslavia. Right now we have a supplemental that's being considered that would maintain peace-keeping in Bosnia. There's still a lot of interest in the former Yugoslavia. But we can't forget the connection between the humanitarian needs and the peace process. I think the UN

Refugee agency, UNHCR, made initially optimistic predictions that this would be the year of returns for Bosnia. That proved to be a bit premature. The easy returns are over, that's done. But there's still about 4.5 million Bosnians that are displaced inside Bosnia or in Germany and other places in the world. Most of them are members of ethnic minorities, whose homes are in areas that are controlled by the other majority groups, so they can't go home. So for a lot of them, we have to worry about the possibility of continued assistance or admissions to the U.S. So cutting funds to Bosnia is very troubling at this point. UNHCR isn't the only internationalagency that gets funded by MRA and that is experiencing shortfall. UNRA which deals with Palestinian refugees has a major shortfall. Again, we have to keep in mind the connection between the peace process in the Middle East and refugee funding.

The second major issue that has to do with the UNHCR has to do with the repatriation. Repatriation is when refugees go home. We all acknowledge that it's the first and the best solution for a refugee flight. If they can go home, that's what we want to happen. What's very troubling is when a repatriation gets halted right in the middle because there's no more funds. Right now, there are probably about five major repatriation efforts that are on the verge of coming to a grinding halt because UNHCR is out of money. Mali, Liberia, Angola, Burma and Afghanistan. Refugees start to go home, the funding dries up, they have to stop. Now, this is just as bad as the initial cause that--of refugee flight in the first place. And you want to talk about wasted money. Everybody gears up: lots of money is spent, years of planning toward sending refugees home in safety, and then all of a sudden, it has to come to a halt because there's no more money. That ends up wasting tremendous resources and in the end, further instability in the home country. It's very unfortunate to not be able to fund repatriations.

The second issue has to do with women and girls. Secretary of State Albright was recently in a refugee camp in Pakistan for Afghan women and was talking about the needs of these people. Unfortunately, there's no money left right now to fund those programs.

On refugee admission, very quickly, the Administration, unfortunately, since 1992 has been rationing admissions downward, from 142,000 to where it is right now, 83,000. They tend to try to have their cake and eat it too. The rationale that the Administration uses for decreasing admissions is that the two major refugee streams, from the former Soviet Union and VietNam are coming to an end, therefore we don't have that much of a need for admissions. Well, both of those predictions are premature. There's still a great deal of congressional interest in the population from the former Soviet Union, primarily Jews from the former Soviet Union. That's apparent by congressional mandate, such as the recent extension of the Lautenberg Amendment, which provides presumptive eligibility to Soviet Jews. And in terms of Vietnamese, there was recently a new program to reinterview Vietnamese who went back to VietNam, after they left the first asylum countries. There is still congressional interest in both programs, they're not going to come to an end for the next few years for very good reasons. It

serves political goals, foreign policy, humanitarian goals. But, in the mean time, the Administration has said those programs are winding down, therefore we don't need the same number of refugee admissions, yet those programs stay at the same level. This means Africans, folks from the Middle East, folks from Bosnia, folks from Latin America get squeezed out. Members of this committee, Congressman Wolf and others recently wrote to the President, urging that the Administration bring the refugee admissions numbers back up to around 100,000 where they had been in recent years. The Senate supports that as well, both houses of congress overwhelmingly voted against a cap on refugee admissions. So it's very unfortunate that the budget doesn't provide for that level.

One last point. I was here a few days ago talking to Charlie Flickner about these issues. And he raised a question of landmines. He was unaware that UNHCR is doing landmind clearance and that refugee money is going for it. So I went back to the office and did some checking and learned a lot about landmines in the last few days. What I realized is that UNHCR is indeed doing landmine clearance. They just issued a press release saying they're starting to do it in Bosnia, from areas of refugee return. And that's because nobody else is doing it. I realize there are other sources in the federal budget for landmine clearance. But the UN Mine Action Center, UNMAC, received only about 11 percent of the funding and that was for 1997. One of the areas they were going to clear is areas of refugee returns but they weren't able to do that because they didn't get the money. So the priority when the U.S. does landmine clearance is on major urban areas and major highways and mobilization areas where U.S. troops are. What they don't do the clearance on is the roads that the refugees are taking to go home, the areas where the MGO's work and the areas eventually where the refugees return. So that's why UNHCR has to step into the breach, fill the gap and that's why some money from MRA is going to landmine clearance. Because if you want repatriation you want the refugee crisis to end and you can't do it if a landmine is uncleared. So, thank you very much. Those are the highlights, of course I have a lot more details in the written testimony.

[The information follows:]

[Pages 323 - 337--The official Committee record contains additional material here.]

Mr. Kingston. Thank you very much, Ms. Mason. Any questions, Ms. Pelosi?

Ms. Pelosi. No, I just couldn't hear you at the end. Is it to Croatia and to Bosnia, which speak directly to your point on the landmines. Part of the terror in this case, is the Serbs as they retreated, landmined and booby trapped the homes and up to the homes so people couldn't have access to them. And if you walk along the road toward those homes, on firm ground, a narrow cement path, you are at risk of being a victim of one of those mines. So the refugee and landmine issues are very closely tied. Thank you for your fine presentation.

Mr. Kingston. Ms. Kaptur.

Ms. Kaptur. I have no questions, Mr. Chairman. I just want to thank you for your report.

Mr. Kingston. And I'm glad you brought that landmine issue up because I don't think anybody else has brought it up and I think it is something that this committee would have sympathy for.

Ms. Mason. I have a report that I brought.

Mr. Kingston. Well, thank you very much, Ms. Jana.

Tuesday, March 31, 1998.

THE POPULATION INSTITUTE

WITNESS

WERNER FORNOS, PRESIDENT

Mr. Callahan [presiding]. Mr. Fornos and Mr. Kohr.

Mr. Fornos. Thank you, Mr. Chairman. I'll give you a little present from March 18 ``Mobile Register'' Greetings from home today. And for you and Ms. Pelosi, this year, I'm on both of yours as a brand new Educate America Campaign of liberals, conservatives, Republicans and Democrats and comes in under the gift limit.

Mr. Callahan. My wife bought a new car yesterday and believe it or not, we don't have it yet. Although our children have, she has no CD player.

Mr. Fornos. But on this issue, it's not a liberal or conservative issue, neither Democratic or Republican, but it's a lifesaving issue. And I'm here again today to ask for not what you can afford but what's really needed on solving the international population problem. We have a tendency in this town to see what we can get away with and then nickel and dime programs that are really worthy of much better funding and greater attention. And so I hope that my testimony in its entirety will be submitted for the record. And I just want to summarize it.

[The information follows:]

[Pages 339 - 346--The official Committee record contains additional material here.]

Mr. Fornos. We're again asking for an appropriation of $700 million for population assistance. It's all right, Charlie, you'll have a heart attack later. And that also includes $50 million for the United Nations Population Fund, both AID And the U.N. Population Fund have requests from countries around the world that far exceed what's available in resources and since this is arguably our most effective foreign aid program that we have in the United States, I think it merits continued support. Also, we should do away with the onerous picketing of the amount of money available on a monthly basis. I think whoever authored that made his point and we ought to now go on and try to administer this in the best fashion of American

business. Let me say to you, when I say this is the most successful program we have had, I couldn't submit the chart on Friday when I sent the rest over to Charlie, so I've brought the chart to just so you how successful we've been in U.S. foreign aid programs dealing with population. And if you looked at this a little larger, you'll see looking just at Mexico, what I've done is taken the total fertility rate, the population and the contraceptive prevalence rate. In Mexico alone, we don't have to go through the other countries, but the tremendous increase in contraceptive prevalence, the reduction of total fertility, whereas in 1973 we had 6.5 children, it's now down to less than 3, approaching 3. And each of these countries, we've had considerable investment of U.S. AID money and UNFPA money and shows significant reductions. And, I mean, there's no greater justification for this program and it's efficiency and cost-effectiveness than this chart. And I hope that you keep that in mind in arguing out where the resources go this year. World class fact twisters have been going around saying that there's no longer a population problem. Well, these peddlers of recycled snake oil have been against population programs all their lives so then it's nothing new in their statistics that 51 industrialized countries, caucasian countries if you will have stabilized their population. But some 74 other countries are doubling in less than 30 years. And so we have a tendency to coddle the affluent and ignore the afflicted, The problem is still very real in Africa where we're seeing a doubling of population in 25 years. It's very real in Asia where India has now gone over a billion people and is growing at two million a month and will surpass China at current growth rates, within the next early part of the next century. So the problem has not gone away. And when you realize that 1.3 billion people are existing today on this planet on less than $1 a day, we still have to worry about the significant implications of rapid population growth and slowing down population growth is still a requirement that all of us have to address because there are no acceptable humanitarian alternatives. Thank you, Mr. Chairman, Ms. Pelosi.

Mr. Callahan. Thank you. You know my position. Do you want us to vote with the members of the committee that are here today? You know, the population issue is so distorted, both from your side and from my side. You know, the Mexico City language and the debate that takes place is not over family planning. The debate is over abortion. And I just do not believe that in your heart you can believe that killing innocent people is the way to control population.

Mr. Fornos. But Ms. Pelosi tried to come up with a compromise that we crafted at 8:00 last year in this room and we failed by eight votes but we now picked up five from your side. Of course, you voted in favor of it, so I don't mean your side, but we picked up five others.

Mr. Callahan. For years we lived with the Mexico City language. And all of these statistics you bring in indicating that if we allow abortions, you can ease population control to the world, of course you can. If we allowed euthanasia, you could slow down the population, too. So, you know, somewhere someone has to recognize that this congress, under its present mixture, is not ever going to agree to abortion as a

methodology----

Mr. Fornos. And we offered language that abortion is not a method of family planning. How much clearer can we say that?

Mr. Callahan. Well, I understand that. But you can't prohibit our money for abortion and then utilize other monies that are available to population planning agencies to promote abortions. I mean, that's the problem with this country.

Ms. Pelosi. Mr. Chairman, if I may? Because you've gone down this path, I would just take half a minute to commend Mr. Fornos for his work and for his leadership on this. He's been such a tremendous resource. This chart is a remarkable one when you see these countries doubling their population in 25 years, and the poverty levels in the countries, and the success now with reducing the fertility rate. The fact is though that the international family planning issue is not about abortion, it never has been about abortion, it shouldn't be about abortion. Abortion is an issue that is injected into it. And what's unfortunate is that if somebody wants to add abortion language to the family planning language and condition how the family planning money is spent, that ought to be done as a freestanding conditionality on top of family planning. But to put a second degree of conditionality on everything that our committee does, because of that issue, is just not fair. I mean, one degree of conditionality is one thing, a second degree is just an exercise in obstructionism. But no matter how many times we say it, people don't want to believe that it's not about promoting abortion as a method of family planning. It has been said over and over again. Actually the Mexico City language has never been the law. President Reagan implemented it by Executive Order, but it has never been codified. And with these attempts to codify the Mexico City language, to institute a gag rule when people receive the funds, what is the next step. If we use fungibility as the argument, that even though groups don't use our funds for these purposes but if they use any of their own funds to speak out for changing laws or whatever it is in the country, then that's fungible and cannot be allowed, then when do we go to the next step and say of this whole bill that any dollar that is spent on development assistance or anything else cannot go to any country where it is the policy of that government to allow termination of a pregnancy as a matter of national policy? This is not about killing babies, it's not anything about that at all. But I think if we're going to use the fungibility argument, we've got to take it to the next step. We all have a responsibility to try to find a solution to this problem. I think most people on both sides of this debate are acting in good faith to try to end this. But I must repeat that no U.S. dollars can be spent on anything having to do with abortion. That's always been the case. What private organizations do with their own money and what countries do with their own money is another issue.

Mr. Fornos. Well, I can hear this on C-SPAN in a couple of hours on the floor.

Mr. Callahan. We respect each other's views. But, you know, my fear is--I think a little bit pragmatic. I'm saying that if family planning can be successful without the abortion policy then you would have no problem getting your increases, its your request.

Mr. Fornos. But, Mr. Chairman, we've got abortion in our country, it's part of the law of the land. There are 77 nations where it's the law of the land. Do we cut off all our allies.

Mr. Callahan. The law says you cannot use this money for abortions.

Mr. Fornos. That's right. And so--and how we're trying to tie flood victims to this abortion language.

Mr. Callahan. I'm saying you should encourage your membership to do away with their policy, then you could have ample money to provide the contraception and fertility needs which would eliminate the population growth. Now, maybe that's an oversimplification of it. But, you have to look at it from a point, you say you don't have enough money and we say the problem is that some recipients of assistance are spending other parts of their budget for abortion. And we're saying that if instead of $700,000 you want a billion dollars, would that assist you in population through contraception and fertility? I mean, would that help it?

Mr. Fornos. That would eliminate abortion probably if we spent the right amount of money.

Mr. Callahan. I understand.

[Recess.]

Tuesday, March 31, 1998.

AIPAC

WITNESS

HOWARD KOHR, EXECUTIVE DIRECTOR

Mr. Callahan. Good afternoon, Howard.

Mr. Kohr. Good afternoon. First I would ask that my written remarks be submitted for the record.

Mr. Callahan. Thank you.

Mr. Kohr. And also to recognize my two colleagues who are here, Curtis and Brad Gordon. Next month, the reborn state of Israel will celebrate its 50th anniversary. In fact, we're hoping that you will be able to go for the celebration at the end----

Mr. Callahan. I am. I'm going to the celebration in Mobile, Alabama.

Mr. Kohr. I think it will be a very nice celebration. Since its founding 50 years ago, Israel has been a place of refuge for the survivors of the Holocaust, refugees from Arab lands like Jews from Ethiopia and Jews from the former Soviet Union, indeed people from over 100 lands. Israel has build a vibrant stronghold of freedom in a region that knows no other democracy. Israel has been America's key ally in this turbulent part of the world, in fact demonstrated again in the very recent past is Israel alone in the region stood with the United States, supporting our efforts to force Iraqi compliance with U.N. Security resolutions. Throughout these 50 years, congress has been the bedrock of relations between America and Israel, the constant support by congress has been the cornerstone, indeed the wellspring of friendship that has so benefited both countries. And in particular, this subcommittee has been the

focal point for the demonstration of America's commitment to Israel. The generosity displayed by this subcommittee, and yourself, Mr. Chairman, in particular, on a bipartisan basis has lead the way for the entire congress and has been indispensible in producing a strong, free Israel with a flourishing economy. Your support has allowed Israel to make tough economic decisions to deregulate, to liberalize its capital markets, to make painful budget cuts that in the long run have been so important to Israel's economic well being. This support has brought us to an historic moment that to the best of my knowledge is unique in the history of American foreign aid. Less than two years ago, Prime Minister Netanyahu spoke before a joint session of congress and pleaded that over his four year term in office, he will voluntarily begin the process to reduce Israel's economic assistance. And now, as many of you know, in fact many of you were intimately involved in the conversation, the government of Israel was finalizing details of just such a proposal. Indeed, over the next ten to 12 years, Israel will wean itself entirely from American economic assistance. At the same time, the Middle East remains a dangerous place, in fact in many ways a more dangerous place then ever before. while the Israeli defense force remains re-emanate in the region, several rogue nations there, including Iran, Iraq, Libya, and Syria, are all pursuing weapons of mass destruction and the means to deliver them. The cost of maintaining Israel's qualitative military edge are increasing. To cite just one example, long-range fighter aircraft capable of reaching Iran for example, which unfortunately Israel must now acquire, cost over $100 million for each aircraft. But the level of defense funding has remained constant since 1985 and that is why as Israel moves to end all economic assistance, it will request some additional funding for its security and we hope that the congress would be supportive of that request. That's the overall reduction in aid to Israel will amount to over $3 billion in the course of the next decade. For Israel to voluntarily ask for reductions is both a mark of how far it has come in the last 50 years and the mark of success for American foreign aide dollars.

I want to say one more word about the nature of the threat to Israel and to America's interest in the area. And that is the threat emanating from Iran. We all know about the threat posed by Iraq and must do all that we can to keep that threat from being realized. But Iran today is free to pursue its weapons acquisition and it is doing so. Iran has nuclear cooperation agreements with Russia and with China. Iran, a country enormously rich in energy has absolutely no need for nuclear power, yet is pursuing a very expensive program to acquire nuclear capability. And under the guise of peaceful nuclear cooperation, both Russia and China have signed agreements that allow Iran to pursue its nuclear ambitions. And both countries have been supplies of missile technology, so that Iran will have the ability to delivery its weaponry. We must do all that we can to prevent Iran from acquiring these dangerous technologies that threaten Israel, other American friends in the region, and for that matter, American forces there as well.

Let me conclude with a few comments about the Middle East

peace process. I know we all hope that Israel will be able to negotiate a real and secure peace with all its neighbors and we're clearly at a delicate moment in the process. At the heart of the Oslo process is a core bargain. On one side, Israel agreed to see land and political authority while on the other side the Palestinians announced violence and terrorism and vowed to fight those who continued to penetrate--to perpetrate such acts. Reading newspaper accounts, however, one would never know that or the course of the last four-and-a-half years, Israel has full lived up to its commitments to seed land and political authority. Virtually all of the Gaza Strip and 27 percent of the west bank are under the full civil administration of the Palestinian authority. Indeed, 98 percent of the Palestinian people in Gaza and the West Bank now live under Palestinian administration. It was the current government of Israel that redeployed Israeli forces from 80 percent of Hebrun, despite the fact that the city was occupied. It was the government of Israel that has imposed further redeployments of Israeli forces on the West Bank, even before final status negotiations begin. And it is the current government of Israel that has proposed the immediate and accelerated start of final status negotiations. All that it asks is that the Palestinians finally live up to their end of the bargain, that they seriously and unceasingly fight terrorism and violence and start full security cooperation with Israel, all of which they have yet to do. Israel must have the confidence that its negotiating partners are committed irrevocably to peace and it must have the confidence that America will stand with Israel as it relinquishes real, tangible security assets, more territory, for intangible, promises. American plans--so called plans imposed on Israel have never and will never succeed. This subcommittee has done so much for Israel's security and confidence in America and for that you deserve great credit and our deep gratitude. Thank you very much, Mr. Chairman.

Mr. Callahan. Well, thank you. And I, too, think that it's most appropriate that Israel has taken this initiative to suggest the downsizing of economic support. It's a tremendous recognition of accomplishment. Accomplishment on the parts of both countries. The reason we have been economically supporting Israel for the last 50 years is to reach this day, to grant it independence, true independence, of the need for economic support from the United States. Militarily, we recognize the importance of Israel maintaining her ability to defend and protect herself from known enemies like Iraq and Iran and others. I don't know the answer to that. As you know, I've been to Israel, as has our subcommittee. We have reviewed the capabilities of Israel of protecting herself and I think from a conventional warfare point of view, Israel is fully capable of defending her boundaries to stop an aggressor from coming into Israel. But, you're right, that's no longer your problem. Your problem is missiles. And you must have that ability to protect yourself and it's going to be expensive. So we're glad to have been a part of the economic success story of Israel, happy that this year, when you're celebrating your 50th birthday, you can look at economic accomplishments which personify everything that we want to do in every country, is to grant them economic independence. So it is a giant step in the right direction. And we're happy for Israel. If we can just now reconform in a light

where Israel doesn't have to spend so much of its economy and ours on its defense, well then we would have a perfect world. But we're not there yet. But I do appreciate that and I appreciate your comments. Other members indicated that they wanted to be here to hear your testimony today but we are having votes--and now we have another one so let me thank you for coming.

Mr. Kohr. Thank you very much for your leadership, Mr. Chairman.

[Recess.]

[The information follows:]

[Pages 353 - 374--The official Committee record contains additional material here.]

Tuesday, March 31, 1998.

INVESTMENTS IN INTERNATIONAL AFFAIRS

WITNESS

HON. TONY P. HALL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. Callahan. Mr. Hall.

Mr. Hall. Thank you for allowing me to come and testify. I'm sorry I had to change my plans. I was handling a rule that's on the floor and I just want to express my concern about, as always, investments in international affairs. I do want to thank you of course for your leadership in child survival, and especially in beginning to reverse the downward trend in the foreign aid budget. I think it's great. I also want to support the Peace Corps initiative, the 2000 initiative and what they're asking for is a level of $270 million. I was in the Peace Corps and I think it's one of our best programs that we have overseas, if not the best. On Africa, I think the President is really giving that some attention. We've never had a President spend as much time in some of the nations that he's gone to and it's great. I'm concerned that the new policy, even though the trade bill is a great bill, that we still have a problem in Africa with the basic humanitarian development assistance to Africa that we have to be really careful about. I would urge the subcommittee to increase, not decrease, Africa's share of total U.S. Funding for microcredit and child survival.

Finally, I hope the subcommittee considers the package of proposals the Africa Seeds of Hope Act, which is going to be introduced by Representative Bereuter and Hamilton. There's a lot of good stuff in there. I hope I can have this part of the record. I'm just going through some of the things that I consider highlights.

Mr. Callahan. We'll accept your entire statement for the record.

Mr. Hall. Thank you.

[The information follows:]

[Pages 376 - 383--The official Committee record contains additional material here.]

Mr. Hall. Just a few words on microcredit, Mr. Chairman. You gave us an increase of $15 million last year and I think that's good. The Administration is very, very committed to microcredit but they don't like to earmark it. And I think congressional mandates are important in this particular area. So I hope that you can provide at least $160 million for microcredit in fiscal '99.

On child survival, I want to especially thank you. I think you've been a real hero in this area. I hope that we can continue to increase that account by $50,000 to $650,000. Dispute this impressive record, we're concerned about Africa here again, because they're child survival is getting high. And they have some of the worse problems, as you know, in Africa. So I hope we can take a close look at Regional targeting issues with a view to directing more child survival and disease programs toward Africa. I hope we can fill the UNICEF request, a request of $105 million. I think they do tremendous work. Basic education is very, very important and I hope that we can earmark that. Support new--support funding for vitamin A supplementation and I just--you know, we're making a little bit of progress but it seems like sometimes we're just holding our head above water. There is an increase this year and I hope we can continue that trend. And I just thank you for the chance to be here.

Mr. Callahan. Well, there's an increase in the requests but there's not going to be an increase in the 602 allocation and that's going to be problematic. In fact, you're in luck I made the introduction. But I don't believe, based upon your priorities, you're going to vote against this bill. I think you're going to be well satisfied because we're going to take care of child survival and we're going to take care of the Peace Corps, Africa, if there's any money left in the Treasury when the President gets back, we'll take care of the President. But he's over there giving away faster than we can print it. And I'm sure he thinks they're all good causes. In any event, I appreciate your contribution to this. I know you've been one of the world leaders in human survival, and especially in child survival and child education. And I appreciate the contributions you've made. You're a great asset to the Congress.

Mr. Hall. Thank you, sir.

Mr. Callahan. And I'm going to be voting for you and Nancy.

Ms. Pelosi. Well may I join you, Mr. Chairman. I would apologize for not being here while Mr. Hall made his presentation. I had to get signatures on a letter immediately, and I didn't realize you were on. But thank you for your leadership. I associate myself through the remarks of the Chairman, and acknowledge the contribution that you make on this and on so many other subjects as well. Your name was associated with the Peace Corps earlier today and in praise of the contribution you are making as a former Peace Corps volunteer.

Mr. Hall. Well, I was just--I was talking about an increase. You know, there is a request--the request is an increase over last year. And we've just got to do everything we can to get our foreign aid up and I know you're a great

supporter and tremendous on this issue. And there area areas that are dangerously low, like Africa, especially our child survival is going down there. And we need to be real careful about that, because that's where we have tremendous problems with disease and malnutrition. And that was--I gave----

Ms. Pelosi. I'm sure he has the report. Thank you, Mr. Hall.

Tuesday, March 31, 1998.

GALA RADIO

WITNESS

JOSEPH LEMIRE, PRESIDENT

Mr. Callahan. Our next witnesses will be Joseph Lemire, president of Gala Radio and he'll be joined by Mark Kalenak, Executive Director of the American Chamber in Ukraine. Thank you for being with us this afternoon. The full text of your remarks will be included in the record. And if you could proceed with a concise summary. Mr. Lemire first.

Mr. Lemire. Thank you, Mr. Chairman. I want to thank this committee because I was before this committee one year ago and this committee has been a big support on what the matters that have been going on in the Ukraine. Over the last year, on several situations, the matters--investment matters in the Ukraine have worsened. About a year ago, there were 15 to 20 U.S. investors that were having problems. Five to ten of those companies have not seen any progress and their problems have worsened. Specifically Gala Radio, who I'm the Director of, Oksana Baiul Beauty Salon which I discussed last year has had no progress. PME, R & J Trading, the Grand Hotel. What has concerned us is that just in the last three weeks since Madeleine Albright visited Ukraine that we've had tremendous retaliation against our company because in December of this past year, we took the approach to sue the country of the Ukraine in international arbitration. Since we've sued in international arbitration, we have had considerable retaliation, investigations, and just last week, we had armed guards come to our offices as well as--on Friday we had our bank accounts frozen. On Thursday of last week, our offices were surrounded with armed guards with sub-machine guns. On Friday night, they showed up late at night with--and walked right into our offices. In addition, a week ago, our counseling manager was beat up after we requested the Ukrainian government to stop retaliate on a concert we were promoting. We're not the only one, we're not an isolated instance. President Kuchma was before this committee last May 16 and promised this committee he would go back and correct investor problems. When he returned, he went the other way, he fired his reformist, Minister of Justice, Mr. Galivadi which gave a favorable opinion in our matter. He also had done a favorable opinion in the PME matter and just yesterday, Ambassador Kriker of Ukraine was told by the Ukrainian government that that favorable opinion in PME happened to be lost and a new one was issued and now it's negative against PME, another American investor.

There's a delegation arriving tomorrow from the Ukraine, headed by Vice Premier Tyhypko. Mr. Tyhypko was here last May with President Kuchma. Since then Mr. Tyhypko went into the radio business and has taken away our frequencies.

I'm going to close and keep it short because I understand that this committee has been probably one of our biggest supporters. And just say a couple of things. One, I'd like to say that this delegation should be told the situation. They're coming here to say that things are getting better. Second of all, April 30 Madeleine Albright needs to certify with regards to if there's been progress in the Ukraine. We believe invade the Ukraine, it's needed, it's definitely needed. However, we have spent our whole legal budget for the year just in the last two months fighting this retaliation. We would like to see more money put towards the rule of law in Ukraine and it can make a big difference. We will win in our national arbitration. It will probably take us anywhere from a half million to $1 million in legal fees and costs but we will win. And that will send a message to the country Ukraine.

I would like to just close by saying, I want to thank this committee. I would also like to thank Ambassador Pifer who came as a third ambassador to the country of Ukraine on January 8. He has hit the ground running, but there's just so much to do there. I would also like to thank Ambassador Morningstar's office at the State Department because they have been a tremendous help. And, just in the last two weeks, several members of the Ukrainian embassy, the U.S. Embassy in Ukraine has helped tremendously in just comforting our employees as well as helping us. And I would like to thank them, too, specifically Mitch Larson, Bruce Hudspeth who came over literally when the guards were showing up and when the U.S. Embassy vehicles showed up, the guards disbursed. So that support really helped. So I do thank you and I'll be available for any questions.

Mr. Callahan. Well, first of all, we can just go ahead and hear yours. I don't know of another thing this committee can do in defense of your situation. I think we all appreciate your dilemma, we know where you are, we want to help but we've done everything humanly possible that I know of. You know, I'm sick and tired of the Ukrainians abusing not only you but a lot of other business people as well. So I'm tired of it but I'm lost as to what we can do about your particular case. I think we've done everything you have requested. We can continue to put pressure on them but when they come here with their hand out, they come apologetic, say it's never going to happen again and everything is going to be squared away and we go home and get a good night's sleep only to wake up the next morning and find out some new atrocity has taken place. So if you know of anything we can do with respect to your particular case, we'll be happy to entertain that thought. But I don't know of anything else we can do.

Mr. Hall. Chairman, there is two things. One, there was going to be more people here today but after what happened to us the last week, they were literally afraid because of retaliation. One of them put he has a wife and two children, he would not come. Second of all, specifically on what you're saying--and I know Mr.--and Congressman Kingston brought this

up before, is there is times when we could have more pressure on this international arbitration. And that's something that we will get through. As you had mentioned a year ago in this room that some sort of international class action suite against Ukraine is a good idea. Well, we went through--forward with that matter. And it's cost us quite a lot but we're going to go through it. We just would like a time we see the U.S. policy sometimes conflicting with the treaty that was signed. We really appreciate the help that Ambassador Morningstar's office and his staff has helped, but at the same time, there is a treaty that we have basically been the first one to go through with and have taken two months to help the State Department along in the proper way of addressing that treaty.

Mr. Callahan. Well, I know, sometimes it's necessary and the only thing we have to do is just to cut off the Ukraine entirely, which I'm about to that point. You know, they've violated every agreement, they were dumping steel here in the United States against the treaties that we had. You know, they just continue to violate everything. And I know we have a representative from the Chamber of Commerce here who's going to address some other concerns, no doubt. But I don't know what the answer is. I don't want to run the State Department, neither does Ms. Pelosi. But the only real sledge hammer we have is just to cut off everything, which we threatened to do. And the President came over and he handed us letters and said he was going to straighten everything out so we let the money go. Well, anyway, we thank you for your testimony.

Tuesday, March 31, 1998.

AMERICAN CHAMBER IN UKRAINE

WITNESS

MARK KALENAK

Mr. Callahan. Yes.

Mr. Kalenak. Mr. Chairman, and other members of the committee, thank you for giving me the opportunity to be here today. My name is Mark Kalenak, I'm the Executive Director of the American Chamber of Commerce in Ukraine. For the sake of time, I'll be very brief. The American Chamber of Commerce in Ukraine is a private, non-profit, non-stock, Delaware Corporation with a registered representative office in Ukraine. We have 148 members who fund 100 percent of all of our activities. We receive no outside funding from any other organizations other than members. Members are such companies as Coca-Cola, Cargil, Procter and Gamble and also such companies as Gala Radio. I am submitting a statement for the record and I'm basically here to support Gala Radio and answer any questions you may have about the business operating environment in Ukraine.

Mr. Callahan. What is the business operating environment, from an American point of view. I mean, are all the businessmen facing harassment?

Mr. Kalenak. No. We have faced harassment, we are--like I said, a corporation. We don't have any diplomatic immunity. We

are a corporation, just as his is. And we have received harassment from the tax police, just as, you know, any other corporation, everybody. It's--everything you've read and heard is true. I mean, it's-- I don't think I can----

Mr. Callahan. Cut off all aid, would that help?

Mr. Kalenak. You need to understand that the aid itself is--well, you don't need to understand, I'm sure you already know that the aid is not in the form of cash, it's in the form of structural assistance. And the cutting off the aid itself is not a valid threat because they don't care about the structural assistance. But what they do care about is the message that the U.S. Government cutting off the aid would send to the international investment community. That would put a stamp of non-approval, you know, like a USDA stamp, non-approval stamp on a slab of beef, a non-investible environment.

Mr. Callahan. Are they only treating American businessmen like this? How about French?

Mr. Kalenak. No, but up until this year, the European companies could bribe--paying bribes was a tax-deductible expense on their balance, you know, on their income statements. So they were operating until recently. I think they recently changed that. But because of that, we were operating at a distinct disadvantage. But, no, the American Chamber of Commerce in the Ukraine is not limited--membership is not limited to American companies. We have German members, Swiss members, many European--many representatives from European countries are members. And that's across the board. And Ukraine--it's an important distinction, an important question. Ukrainian companies as well. We have Ukrainian members and they--they're all subject to the same problems. And, I agree, it's kind of a dilemma of what can you really do. I don't have any answer for that.

Mr. Frelinghuysen. Little wonder, Mr. Chairman, we want, from time to time, to put conditions on our organizations.

Mr. Callahan. Ms. Pelosi.

Ms. Pelosi. It's just bewildering to me, Mr. Chairman, how it just comes around each year and it's the same thing. It's not unusual for the work that we do here, but we would have thought that your message was clear and direct enough. And I don't think that there's any way that we can cut off assistance to the Ukraine. I think that we have to try to approach this in a way to get some results though. I think it's very helpful that you help us document the problem so we can be very clear in saying this has been represented to us, that this, this, this and this happened. And these are not the only reports that we have. But thank you, and I appreciate your courage in coming forward with this and I sympathize with those who could not come forward today. Again, I guess I know that we are not going to cut off assistance but we have to be very clear, both in the certification and the rest, that these issues are major concerns still to Congress. Because, you know, if it gets much worse then we may have to take some drastic action, which I think would be most unfortunate.

Mr. Lemire. You're right. I think the best way is to keep delivering the strong message and if we have to show documentation of what is happening, because that is why this delegation is coming here in the next two days. That's why I was told last week to be careful in what I even said here. They

are concerned about a strong message.
Mr. Callahan. What if we would refuse to meet with them?
Ms. Pelosi. Mr. Chairman, the thing is that this is all in their interest.
Mr. Callahan. I know that.
Ms. Pelosi. That's the sad part of it. Of course the aid is, but the investment, and the business opportunities are all in their own interest. There's a lot of competition for the business dollar.
Mr. Kalenak. That's the key point we try to drive home, that there is a lot of opportunity and capital that they're missing out on because companies are deciding to invest elsewhere rather than Ukraine.
Mr. Lemire. And they're very concerned about the whole certification process.
Mr. Callahan. Maybe we could issue a congressional alert, the Administration doesn't want to do that, maybe the Congress can issue a world-wide Congressional alert, warning business people not to invest in the Ukraine. And maybe we could do that to other countries that refuse to treat our business people fairly and to continue to abuse our friendship and our generosity. So maybe we'll think through a United States Congressional Alert. Maybe they'll get the message. We thank you both for coming in.
Mr. Lemire. Thank you.
Mr. Kalenak. Thank you.
[The information follows:]

[Pages 390 - 402--The official Committee record contains additional material here.]

Tuesday, March 31, 1998.

CENTER FOR PEACE & NEW MEDICINE, NEW YORK UNIVERSITY

WITNESS

ROBERT K. MANOFF, DIRECTOR
Mr. Callahan. Mr. Manoff. Mr. Manoff, we apologize for the necessity of brevity but it is necessary.
Mr. Manoff. I understand.
Mr. Callahan. We will accept anything you want in the record.
Mr. Manoff. Yes, we have submitted written testimony already last week.
Mr. Chairman and members of the committee, my name is Robert Manoff, as you know. And as the Chairman of the National Press Institute of Russia, New York University's flagship initiative in that country formerly known as the Russian/American Press Information Center, I would like to take this opportunity to thank you for your previous support for our work through Conference Report on H.R. 2159. The report has proved to be tremendously helpful and encouraging a close working relationship with US AID as we continue to develop the oldest and most comprehensive media assistance program in the region.

One, I might add, that was started entirely with private funds and that has worked with the U.S. private sector, including Van Morgan of Bolls, Morgan, and Freeman in your statement, Mr. Chairman, to install the first private printing press to be owned by an independent newspaper in Russia. I'm here today to make the case that continuing assistance to the Russian Media is a fundamental American interest. A free press still does not exist in Russia, where most newspapers will survive on state subsidies. What is more the International Federation of Journalists, for the second year in a row, has recently named Russia the most dangerous country in the world for journalists. Assistance to the Russian Media is critical because the free press is key to promoting American interests in Russia. First, a free press is a principal agent ofeconomic transformation, providing information vital to investors. Second, a free press is a critical force for the creation of a civil society, providing non-governmental organizations with means to reach the public. Third, a free press is essential to achieve full government accountability. Fourth, a free press can provide a platform for views, supporting American policy interests, ranging from nuclear and missile proliferation to NATO to policy for the Balkans, the Persian Gulf, and the Middle East. Finally, as it did in the case of Chechnya, a free press can moderate the adventurism of the Russian government and can contribute to the reduction of dangerous ethonational tensions.

However, the Russian media are in no position to perform such functions well. Inasmuch, they do not now possess the financial, professional and organizational resources to surmount the political and economic obstacles that face them. Such resources must come from outside. It is our view, moreover, that US Media assistance should focus particularly on the print media, notably newspapers. Suffice it to say that in Russia, most citizens get their local news primarily from newspapers which have become the most important source of economic, social and political information. Local newspapers are trusted more than any other source of information. The print media facility public policy debates and promote a pluralism of viewpoints and finally newspapers set the agenda for the television news itself, which in the regions often consists of an announcer reading the local newspaper. The National Press Institute, formerly the Russian/American Press and Information Center, has become even more central to the mission of establishing a free press in Russia recently. NPI is now a registered independent Russian NGO and is now poised to become a permanent legacy of American assistance in the country. NPI continues to apply the sectoral approach that makes it unique among all media assistance organizations anywhere in the world. NPI is now focusing on the most pressing needs of the print and other media. First, the NPI business development service provides consulting to help media organizations attract financing, including international financing, develop business plans, improve management and attract investments. Second, the NPI Center for Cyberjournalism offers training and consulting on Internet Publishing and computer-assisted reporting, Internet work having been emphasized by Ambassador Morningstar in his testimony recently. And it will develop an Internet media service to help overcome government domination of information. Third, the NPI School of

Management and Journalism will be Russia's major mid-career training institute for the print media and will raise the level of journalist professionalism. Fourth, NPI will assist the media and does already, in preparing to report and analyze the elections in 1999 and the year 2000. And, very importantly, assist them in covering nuclear proliferation and other foreign policy and international security issues The NPI Press Center will continue to organize its thousands of famous briefings in order to promote government accountability and civil society. And, finally, the NPI Research Center will analyze trends effecting the Russian Media sector, for the international investment community and other constituencies. The Russian media badly need America expertise, assistance and partnership. Failure to assist the medial now and during the critical years to come could have profound consequences, not only for the future of democracy and markets in Russia but also for critical American interests We are please at NYU and NPI are playing key roles in securing these interests and are grateful--and are gratified by the support and encouragement we have received from this subcommittee in the process of doing so. Thank you very much.

Mr. Callahan. We thank you, sir. And now I guess we could make some sort of a job out of this. Do we really want to impose our journalism activities on the Russians? How badly do we not like them. But we hear your message, and certainly a free press is a very, very important thing of any emerging democracy.

Mr. Manoff. It was once said about democracy, if you recall, it was the worst system, except for all the others.

Mr. Callahan. That's correct.

Mr. Manoff. That goes to the press as well, I think.

Mr. Callahan. It does. But sometimes we have our differences.

Mr. Manoff. Absolutely, as do we.

Mr. Callahan. Sometimes you guys don't write stories exactly right or sometimes--I know one time in Mobile, Alabama, my hometown, a member of the press or a relative of a member of the press was hung, years ago, for pistol whipping an old lady. He was hung in the square. And when the newspaper relative wrote the story, he says that Mr. Jones died today while participating in a public ceremony, when the platform gave way. But I guess that was free, true press. But it was distorted press as well. No, I say that in all jest, certainly not making light of your efforts for a free press in Russia. And anything we can do to help we would be glad to do. We appreciate your testimony.

Mr. Manoff. And we've been grateful for your support.

Mr. Callahan. Thank you.

[Statement of Robert Karl Manoff follows:]

[Pages 406 - 419--The official Committee record contains additional material here.]

Tuesday, March 31, 1998.

CHILD SURIVAL PROGRAMS

WITNESS

HON. DEBBIE STABENOW, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. Callahan. We have three members of congress here and then we have five people who are representing the Lebanese/ American Community. And we don't know if you all want to appear at once, but let's hear from members of congress who are here first. So I think Cynthia is here, Debbie is here and Bob Filner is here. You all come on up.

Ms. Stabenow. Thank you, Mr. Chairman. I appreciate the time. I know you have some very important subjects to cover and I'm here to just briefly comment on two. And that is first to thank you for expanding the child survival and disease account by $50 million this last year. This is very significant. It has literally improved the health or saved the lives of hundreds of thousands of children around the country. We appreciate that.

Mr. Callahan. I know where the credit should go.

Ms. Stabenow. I do understand. And I'm here to ask that additional dollars be placed into that----

Mr. Callahan. They will be.

Ms. Stabenow. Great. And I won't go into all the specifics.

Mr. Callahan. Since you have requested it, they will be.

Mr. Stabenow. Thank you. It's nice to know as a first-term member from Michigan I have such influence. And I won't go into more detail. You obviously understand the importance. I have submitted, written testimony as well.But a second issue that I would very much appreciate your continued support and attention for and that is the issue of microcredit. Be there such a simple concept that has been so powerful around the world as very small amounts of money, as you know, in terms of loans that have yielded tremendous benefits in bringing people out of poverty through rewarding work, rewarding initiative, promoting the kinds of things that has made America great in terms of hard work and initiative. And I'm concerned that as we look at where we've gone that the United States Agency for International Development has not been doing all that it could for these programs. Money for microcredit for the developing world within AID has declined since mid-decade, and I am concerned that AID is not using microcredit funding as effectively as it could, and targeting, emphasizing loans for the poor and for building capacity for microcredit programs to absorb increased funding.

You have been a tremendous advocate, Mr. Chairman, for children and for expanding important areas as it relates to health care, tuberculosis and so on. I would ask that you push US AID to prioritize child survival and to ask that they prioritize the microcredit issue as well. Without a congressional mandate, I believe that AID will continue to under-fund these programs and resist more effective uses of the funds. I would hope that in this bill you will expand and specifically set aside funding for microcredit and direct US AID to spend at least half of its overall microcredit funding to loans under $300 for the poorest people. It has been effective in Michigan, in my district that I represent. It has been effective I know around the world, it's a powerful--it's a simple tool and I would urge your consideration.

[The information follows:]

[Pages 422 - 423--The official Committee record contains additional material here.]

Mr. Callahan. Well, we do hear more about child survival.

Ms. Stabenow. Yes.

Mr. Callahan. Sometimes they stretch the limits of the definition of child survival, but still in all, it's there. Microcredit, I don't know if that's a line item. The committee doesn't want to run the State Department, we're appropriators, we're not even the authorizing committee which should pass a bill. So a lot falls on our shoulders. But we emphasize that with the line item alternative we limit their ability to spend it on anything else. But the other hundreds of programs, like US AID administers, we try not go to in and say spend $50 here and $100 there. But we do put real strong report language, both in terms of the small loans and in the amount of money that should be spend on microcredit.

Ms. Stabenow. And I do appreciate the desire not to micromanage. I think this particular program, microcredit has been so powerful, and effective that it warrants some additional leverage in terms of having it be a priority, because it's a very, very small amounts of money that we are able to have people work.

Mr. Callahan. We've heard from some of the small businesses that have been started that way. And many members have testified for it.

Ms. Stabenow. Thank you.

Tuesday, March 31, 1998.

AFRICA FUNDING

WITNESS

HON. CYNTHIA McKINNEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. Callahan. Good evening.

Ms. McKinney. Thank you, Mr. Chairman. I--fortunately, I do serve on the International Relations Committee. Unfortunately, we don't seem to be able to get our legislation passed and signed into law. Therefore some of the things I'm requesting would be more appropriate there, however because of that, we're asking you to consider these requests. The first one is the waiver of the Brooke Amendment for Democratic Republic of Congo. It is my understanding that the committee--that the Administration will send down the request asking that this be done and we would just like to urge your favorable consideration of that request.

Secondly, the refugee situation in Rwanda, as you are familiar, the President just touched down in Rwanda for about three hours. But there he was able to deliver some remarks about the horrific genocide that the country experienced and

now they are in the process of trying to reconcile the various forces that were in play and still are in play in that very small country. The Administration spent $38 million in ERMA funds last year. And it's my understanding that ERMA is a one time, one-year appropriation. We are requesting that if that is indeed the case, that another $30 million of MRA Funds go to Rwanda because they are still absorbing refugees, this is a very precarious situation, these refugees are the victims as well as the perpetrators of the genocide. And this country has got to be able to absorb these people who are now being shipped back from as far away as Central African Republic and we think that this appropriation would go a long way toward helping them to stabilize their country.

In that same vein, the President has announced on his trip a $30 million request for the Great Lakes Initiative and I would just like to say that this is something that is terribly needed. We would hope that the majority of these funds would also go to Rwanda because during the genocide, the lawyers, the Judges were all killed. These were lawyers and Judges of both ethnicities, the Hutus and the Tutsi. Even the moderate Hutus were targeted and killed, and so they really don't have a judicial system as such. And they've got 120,000 prisoners in these makeshift prisons that they have got to bring to some kind of justice and get back into the society as functioning individuals. So we think that the Great Lakes Initiative, which is about the administration of justice, would be a wonderful way, if fully appropriated to help that region and in particular Rwanda deal with this problem. Now, the reason that we focus on Rwanda is because, unfortunately, the instability in that small country spills over into Democratic Republic of Congo, Tanzania, Baruby--Baruby has it's own set of problems, but still it all spills over. And if the problem could be contained in Rwanda,then there is a possibility for stabilizing the rest of the region and it's very important that that region be stabilized.

The fourth issue that I have is a place where if this one time prohibition is actual in terms of the use of ERMA funds, then they could be used in the resettlement of 300,000 Sierra Leoneans, who were forced to flee their country as a result of the overthrow of the democratically-elected Kabbah government. Now, ironically with the leadership of the Nigerians, the President who was forced into exile is now able to come back into the country and we think that an appropriation--a use of ERMA funds would be appropriate for the resettlement back into Sierra Leon, these people can now go back into their country. We understand the ERMA is Presidential authority but we're putting this out there for your consideration, as well as the administrations consideration.

And then finally, as it relates to the Sierra Leonean situation, what we discovered--in my district, a very diverse district with a growing immigrant population, that the refugees from the Sierra Leon situation were not able to come to the United States without special consideration that we had to ask the Attorney General for, even though they had loving families here in this country who were able to support them. And we would like for some kind of consideration to be given to refugee asylum--refugees who seek asylum in the United States

who have family, loving family here who are willing and able to support them, that they not face the regulatory hurdles that prevent them from coming to this country. And that concludes my testimony, Mr. Chairman.

Mr. Callahan. Thank you. They say, you know, that your position on international relations is where most everything you have mentioned should be.

Ms. McKinney. Yes.

Mr. Callahan. It should be debated and should be actually passed into legislation, but we recognize the difficulty in getting it passed and signed into law by the President. On the one hand, you have your chairman coming to us saying you are not an authorizer, you are an appropriator, don't do anything unless I say do it. And then we have members of this committee coming to us and saying we want you to authorize. So it makes it difficult for her, but we realize the position we are in.

And then, too, this committee tends to leave foreign policy to the administrative branch of government rather than to micromanage foreign policy. You know, we have a Secretary of State and I think she is a wonderful person. And I think she does a tremendous job. And, you know, the Constitution really says to us this is a charge of the administrative branch of government, not Congress. So we are torn, but we recognize that sometimes this administration needs prompting.

Ms. McKinney. They absolutely certainly do, Mr. Chairman. I couldn't agree with you more, and the State Department doesn't always get it right. That is why we are here, too.

Mr. Callahan. This committee doesn't either, unfortunately, but we try our best.

Ms. McKinney. Thank you very much, Mr. Chairman.

Mr. Callahan. Thank you.

Ms. Pelosi. Mr. Chairman, may I comment on that?

Mr. Callahan. Oh, I am sorry. Sure.

Ms. Pelosi. I just thank her for her leadership on so many issues, and I am sorry I didn't hear the beginning of your statement, but I will be briefed on it. But thank you for coming in and for your courageous leadership.

Ms. McKinney. Thank you.

Mr. Callahan. Bob.

Tuesday, March 31, 1998.

CHILD SURVIVAL PROGRAMS

WITNESS

HON. BOB FILNER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Filner. Thank you, Mr. Chairman. I want to make a brief statement and underline the previous testimony of Ms. Stabenow from Michigan on a couple of her points and then add one new subject. Again, like Ms. Stabenow, I want to thank you for your strong support, unwavering support, for the child survival programs. I heard you say that funding is going to be better than the Administration requested, and we thank you for that.

In addition, the funding for infectious diseases, in

particular, is extremely important. I know you all recognize that. The spread of TB, in particular, is one that is going to, I think, put us here in the United States as well as people around the world, in danger. It is estimated that 15 million Americans are now infected with the bacteria that causes TB. And whether we are in Washington, D.C., or in my own district at the Mexican border in California, we are at risk as people go back and forth across the border. So I hope that we continue to do as much as we can to deal with those infectious diseases.

Ms. Stabenow did speak to you about microcredit. I just want to underline her comments. I know that USAID has lowered its support for microcredit between 1994 and 1996. It does not even achieve its own goal, and so we should be encouraging them to do something which, as you know, has had effect not only abroad but even here at home.

So I know you have a difficult job. We appreciate your efforts on behalf of children and to stop infectious diseases, and I hope you will use your influence to help folks through the microcredit program around the world.

[The information follows:]

[Pages 428 - 432--The official Committee record contains additional material here.]

Mr. Callahan. I want to thank you for coming before the committee and expressing your view, Bob. You are well respected here, as you are throughout Congress. Once again, we hate to start line iteming more and more projects, but I think that we could convey to the Administration your strong message and consider report language to make certain they understand that it is the intent of Congress that this should be done.

Ms. Jackson-Lee.

Ms. Pelosi. Isn't it nice that our male colleague, testified on microlending, Mr. Chair. Mr. Filner, I am commenting that we have one of our male members testify on microlending, and that is just very wonderful. Thank you.

Tuesday, March 31, 1998.

AFRICA

WITNESS

HON. SHEILA JACKSON-LEE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Ms. Jackson-Lee. Let me apologize to the committee. We were introducing some legislation regarding torte liability and federal torte claims liability, and I apologize. I thank you for----

Mr. Callahan. We would be happy to submit your statement for the record.

Ms. Jackson-Lee. Thank you, Mr. Chairman.

Mr. Callahan. And we appreciate you appearing before us.

Ms. Jackson-Lee. I will be--with that in mind and knowing

your expertise that both Congresswoman Pelosi brings to this committee and you, Mr. Chairman, let me go right to sort of the real-life facts of the microenterprise program. Having just returned from Africa with the President, and particularly South Africa where homeless women--previously homeless women have used these dollars to build over 100 homes that they would now be able to house themselves and their families. As you well know, I always like to say that the microcredit program is clearly, positively, the microenterprise program, a program that should be bipartisan, because again, it goes on the theory of teaching people to fish rather than giving them a fish.

And I would hope that what I am arguing for, vigorously, of course, without this having its own line item, that we could create more funding for USAID and encourage them in language in the appropriations bill. And I heard your previous comment about authorizing language, but in any event to increase the funding for this microenterprise. They are normally, as you well know, very small and formally organized businesses other than those that grow crops. They employ just one person, the owner/operator or microentrepreneur. In some lower income countries, however, microenterprises employ a third or more of the labor force.

USAID microenterprise program is targeting businesses run by and employing the poor. They are most useful for developing countries because, as we talked, cottage industries and small businesses, that is where the--I think the infrastructure, the economic boom is coming, because culturally they are used to the market woman, for example, in Africa. So I would certainly ask the committee to consider it greatly. And lastly, that they would look at this funding as an eradication of poverty.

Mr. Chairman, we have worked together in the past, and I certainly want to thank Congresswoman Pelosi for what is her longstanding history on the question of human rights. I almost think that your earlier comments might have been directed to me. I was not at the table, but I have tried to limit the language dealing with human rights when it comes to the appropriations legislation to conform itself to what is appropriate.

And so the language that was accepted in last year's legislation dealt with monitoring human rights progress in the country of Ethiopia. And I would like to raise it again. And I would like to answer those who would say well, why are you--isn't the country of Ethiopia making progress. And I would simply say yes, and for it to continue to make progress, because we know for a fact that journalists, academicians and opposition party officials still face ordeals that raise questions about academic freedom, freedom of the press, freedom of speech and the independence of the judiciary. Many Ethiopians are facing trials for alleged offenses against the government, and I believe we should work to ensure that they receive a fair and impartial hearing.

Ethiopia has a long and distinguished history. And in fact, very briefly, I had the opportunity to be there in December and saw that there were certainly good intentions. But I do think the limited language that says monitoring the appropriations in conjunction with the human rights concerns is certainly important. Let me qualify to say, as well, that I know that

Ethiopia may not be categorized with Rwanda. It may not be in the same category as Sudan. And all of us have raised our voices about the travesties that have occurred there, but Amnesty International has still cited Ethiopia as a country that needs monitoring.

So I would ask this committee to consider the idea--the full committee--the idea of monitoring Ethiopia along towards its ultimate goal, I hope, of a full and fair system and the affirmation of human rights for everyone.

With that, Mr. Chairman, I will allow my statement to----

[The information follows:]

[Pages 435 - 438--The official Committee record contains additional material here.]

Mr. Callahan. You know, with respect to jurisdiction and authorization and complaints coming from the Chairman of the authorizing committee, maybe it would be best on the monitoring if you introduced a resolution or something and tried it on the suspension calendar, because if we start accepting policy in our appropriation bill, then we are going to have to, among other things, start agreeing with the Senate because they load the bill up and we take it all out in conference. If we start putting it in, we get ourselves in a box. So we will be having to put something in report language along those lines to convey your message to the Administration.

But with respect to official language in this, maybe it would be best if you did that. Give the three international arrangements a separate bill or some other mechanism to avoid the ability of others to come to us and say well, you did it for Ms. Jackson-Lee, do it for me. We try to stick to our policy.

Ms. Jackson-Lee. Thank you, Mr. Chairman. I would lay my--ask for mercy, but I do appreciate your----

Mr. Callahan. I will grant you mercy, just no language.

Ms. Jackson-Lee. You are an instructive man and we will look forward to the committee with those instructions in mind.

Mr. Callahan. Thank you.

Ms. Pelosi. The Chairman is correct, the report is an important place to have the language, as well, and less susceptible to attack, elimination and the rest of that. Thank you for your strong leadership on this.

Ms. Jackson-Lee. And I thank you for your consideration of microenterprise. I know it is something you have supported.

Ms. Pelosi. I hope we have at least $135 million, at least. The ``at least'' is the crucial phrase there.

Ms. Jackson-Lee. I thank the committee very much for its patience.

Mr. Callahan. Thank you.

Ms. Jackson-Lee. Thank you.

Mr. Callahan. Mr. Chamoun, Mr. Zoghby, Mr. Epperly, Chorbishop Seely Beggiani and George Cody, all of you can come forward at this time. Naturally, we will advise the committee that one of these panelists is from Mobile, Alabama.

Ms. Pelosi. There must not be anybody left in town today.

Mr. Callahan. Mr. Chamoun, you come highly recommended from Congressman Aderholt, who has told me you were coming today and told me to pay close attention to you. Why don't you all introduce yourself and the organization you represent.

Mr. Beggiani. Chorbishop Seely Beggiani, Commission for Lebanon of the Eparchy of St. Maron, Brooklyn.

Mr. Epperly. David Epperly with the American Lebanese Institute.

Mr. Chamoun. Dory Chamoun, talking for the AHOR Inc. of America.

Mr. Zoghby. George Zoghby. I am the one from Mobile, and I am President of the Mobile Chapter of National Alliance of Lebanese Americans.

Mr. Cody. George Cody, Executive Director of the American Task Force for Lebanon.

Mr. Callahan. I guess you all have been here long enough to know of our limited time situation, so I don't--we will be glad to accept any statement you have for the record, but we will grant you all 20 minutes. And, George, you can control the time.

Tuesday, March 31, 1998.

LEBANON

WITNESS

DORY CHAMOUN

Mr. Chamoun. Well, Mr. Chairman, thank you very much. I am not going to read the testimony which I gave you in writing. I will just elaborate a little bit as to why the testimony was made in that way. To talk about all of Lebanon's problems is something impossible to achieve within the five minutes allowed. I therefore chose to concentrate my testimony on the basic cause of our misfortunes.

Lebanon is under a double occupation. Israel occupies approximately 11 percent of Lebanon's area while the rest is occupied by Syria. Lebanon has suffered 17 years of fighting and destruction and can in no way regain itself under the weight of a double occupation. There is no possibility of really reconstructing Lebanon. Really Lebanon is not allowed to heal the wounds inflicted by the fighting and the foreign entities. Syrian occupation is keeping these wounds open and is thriving on the dissensions that exist within our multiprofessional society.

As a result of Syria's sojourning, we have a ruling class that is imposed by Syria and does not owe its existence to the people. It is not elected. This ruling class goes, therefore, unpunished for all its illegal erroneous behavior of government.

Naturally the whole of Lebanon's existence falls prey to such a situation. And unless Syria totally withdraws, Lebanon cannot regain itself. Despite the need to finance a number of projects, what Lebanon needs is for it to regain its independence and sovereignty. Once this is achieved, we can expect to get much more easily the finances we need both from

private and government institutions.

To mention a few shocking hard facts about construction and economic situation--there is no freedom of expression in Lebanon. And one is surprised to find that the four TV stations have been given to the permanent members of government. There is one station which belongs to the Prime Minister, another station which belongs to the President of the Parliament, a third station which belongs to the Minister of Interior and a fourth station which used to be a free station has been forced to accept--in order to obtain the permit has been forced to accept many new partners on the board. So freedom of expression does not exist in Lebanon the way our people pretend or the government pretends that we have.

The second situation which is also shocking is that we are today indebted. The public debt is about 50 billion U.S. dollars. This amounts--again, U.S. dollars. This amounts to approximately--I am sorry, 15 billion U.S. dollars. This amounts to approximately 225,000 dollars of capital. This is an issue which is totally unacceptable in a country that has no national resources. How are we going to repay this? Nobody knows.

This, of course, with the bad national situation has put a stop to most productive enterprises in Lebanon, and we find that we have today a situation whereby only ten percent of the population can make both ends meet at the end of each month, whereas the rest of the population has got many problems. As many as 60 percent of the population in Lebanon today is on the verge of poverty.

This social situation is further endangered by the fact that on a population of 3\1/2\ million we have got a force of one million Syrians working there. Now we have always had Syrian workers in Lebanon. They used to work in agriculture. They used to work in public works, whatever it is, but today they work in other things. They are in factories. They are in administrations. They are in restaurants and all over the place, which is creating a situation whereby there are many Lebanese that are jobless and that are moving away from Lebanon today.

So this is just to give you a general idea of the situation under Syrian presence today in government. This is why we are asking for the implementation of Resolution 520 in the United Nations, which supports to rid us of all foreign occupants.

[The information follows:]

[Page 442--The official Committee record contains additional material here.]

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LEBANON

WITNESS

GEORGE ZOGHBY, PRESIDENT, MOBILE CHAPTER, NATIONAL ALLIANCE OF LEBANESE AMERICANS

Mr. Zoghby. I would like to thank the committee for acknowledging the request to submit testimony today. Hopefully these few moments will provide assistance to the over 4 million people in Lebanon, especially in the form of humanitarian relief. First, I probably want to begin by saying that since the travel ban has been lifted I request and invite you all to go to Lebanon to see for yourself what is happening over there.

The resistance to freedom still persists. Unfortunately, with allies, in particular America, Lebanon is moving and gaining momentum for a more freer type society. NALA thanks the U.S. for these efforts in making Lebanon moving towards its rightful sovereignty. Unfortunately, because of the political and economic strangle hold of surrounding and neighboring countries, there are still negative influences in Lebanon.

The income in Lebanon, the median family income is $634 a month. The break even income is over $1500 a month. Regarding health care, 58 percent of the people have no type of public or private health benefits. 16.6 percent of the families that are sick cannot get treatment due to financial reasons.

NALA recommends that the USA continue and expand as it has done in the past. We feel that Lebanon is a key interest for America and that a strong American presence is needed. NALA recommends four areas of relief. The four areas are the same as last year when I spoke, although in difference of importance. This year we feel that humanitarian relief is the most important, followed by the Lebanese armed forces, the educational institutions and then the infrastructure repair.

NALA asks that this assistance be provided to the Lebanese people directly as opposed to the suspect Lebanese government, which was previously mentioned. Regarding humanitarian relief, this is our most important effort this year for appropriations. Private and voluntary organizations on the ground and operational in Lebanon perform an excellent job, and we hope they will continue. Hopefully the U.S. will meet these needs and fill the humanitarian gap while at the same time securing its impact on Lebanon.

NALA recommends that the Catholic Near East Welfare Association continue its efforts through the John Cardinal O'Connor of New York Fund to receive and disburse this aid to the people themselves. This organization has done exemplary work providing medicine and housing reconstruction to a new class of people living in poverty in Lebanon. At one time not too long ago the middle class consisted of about 80 percent of Lebanon and today it has dwindled to about 25 percent with poverty increasing.

NALA also recommends that Lebanon participate in the Sustainable Development Assistance Program, which is funded with $298 million as the regional allocation to Asia and the Near East. I think it is important to stress that if the United States does not continue to provide this aid its enemies will provide this aid and has provided this aid.

Regarding the Lebanese armed forces, as you may know, the Lebanese officers are trained traditionally through the IMET program. They are trained here in the United States. We feel that when Lebanon becomes truly independent that it will need a strong national army in order to promote the American ideology. Unfortunately, the budget for IMET has been reduced and if we

do not receive--if the Lebanese officers cannot receive this training, these officers unfortunately may receive their training from Syria. Therefore NALA strongly recommends that the U.S. continue participating in this regard.

We feel that there is no better way to show support than through the American universities in Beirut. The American University of Beirut and the Lebanese American University are teaching the Lebanese generations to think openly, democratically and in a tolerant fashion. Unfortunately, the American Schools and Hospitals Abroad Program from which these universities have been receiving their funding has been cut by 50 percent in the 1998 budget. It is projected to be eliminated in the 1999 budget also. NALA requests that the committee sustain the funding, if possible, at least through the same type of appropriations as last year of $3 million.

The infrastructure repair of Lebanon is growing in its electric generating plant, its water purification, its telephone and other communication facilities. We recommend that Congress appropriate the necessary funds which were committed by the Administration within the context of the Friends of Lebanon Conference.

Finally, due to the recent developments over this past year specifically, we feel it has become even more apparent that Lebanon is the key that unlocks the Middle East talks in the future. NALA has long advocated that it starts with Lebanon first, and that is the only way for diplomatic initiatives to succeed. We feel that the withdrawal from Lebanon from surrounding forces will trigger a domino effect.

In conclusion, NALA recommends these four areas and requests your support that the U.S. to continue to be a vital part of Lebanon. Thank you for your time.

[The information follows:]

[Pages 445 - 474--The official Committee record contains additional material here.]

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LEBANON

WITNESS

GEORGE CODY, EXECUTIVE DIRECTOR, AMERICAN TASK FORCE FOR LEBANON

Mr. Cody. Thank you very much, Mr. Chairman, members of the committee. I testify today on behalf of the American Task Force for Lebanon and also on behalf of our Chairman, Tom Nassif, Former Ambassador Tom Nassif and our members.

The American Task Force for Lebanon is an organization whose goal is to work towards reestablishing a secure, stable, independent and sovereign Lebanon with full control over all its territory. Our members reflect most religious groups of Lebanon and include a prominent roster of American talent in business, law, medicine, the professions and the arts, as well as public officials, as well as Members of Congress.

I would like to also mention to you, Mr. Chairman and

members of the committee, that the last time I was here we had a travel ban to Lebanon. And thanks to the broad bipartisan support that we received both in the House and the Senate, that ban has been lifted. And I would like to second the invitation, and please the next time you visit the region make sure that you do visit Lebanon. That is an open invitation to all Members of Congress, many of whom have already been to the country.

During its 15-year civil war, Lebanon sustained $25 billion in direct damage to its infrastructure. That is according to a 1991 United Nations assessment. Mr. Chamoun mentioned the $15.15 billion in public debt. That debt is a direct result and legacy of war, a weak tax base and the financial requirements of reconstruction program in the absence of sufficient concessional finance. The mounting debt is raising serious concerns regarding sustainability and its adverse impact on development. The reconstruction of Lebanon's infrastructure is designed to accommodate an economy geared toward an era of Middle East peace, which is still nowhere in sight, unfortunately.

The United States Agency for International Development has projected a development program for Lebanon of $12 million per annum to run until Fiscal Year 2001. This amount of funding, at a minimum, must be retained, at least that amount. The USAID feels that much can be accomplished with this level of foreign assistance. Just as importantly, the numerous AID projects in rural development, microfinance and dairy improvement are highly visible and are excellent public relations for a country in a region where our image needs burnishing. For example, the rural development projects comprise 226 villages in 29 rural clusters. All AID projects in Lebanon are administered by U.S. registered PVOs. Since last May there has been an AID officer stationed in Lebanon and it has enhanced the level of cooperation between the PVOs and other donors that ensures accountability meet Congressional standards through this period of budget cutbacks.

The new USAID strategy has three goals which we feel receive little attention from other foreign donors, who have mainly targeted the infrastructure. Those goals are reconstruction and expanded economic opportunity, democracy and governance, and improved environmental practice.

Last year in October of '97 we led a group of 26 members to Lebanon. We met with many of the Lebanese officials and collectively or individually toured much of the country. The two most striking problems that we observed from an American perspective were the pollution and the traffic.

We urge that direct funding of American Schools and Hospitals Abroad Program for Fiscal Year '99 be continued, the direct funding. This program supports such fine institutions as the American University of Beirut, Lebanese American University and International College. In recognition of the Lebanese Army's role as a symbol of national sovereignty, we urge continued training of Lebanese Army personnel under the IMET program. We urge that nonlethal equipment continue to go to the Lebanese Armed Forces under the Excess Defense Articles or the EDA Program on a grant basis. Already, EDA has helped establish the Lebanese Armed Forces as perhaps the most successful example of the rebuilding of Lebanon's institutions. This is

essential if the Lebanese Armed Forces are to assume full control of Lebanon security after the withdrawal of all non-Lebanese forces from that country.

[The information follows:]

[Pages 477 - 479--The official Committee record contains additional material here.]

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LEBANON

WITNESS

CHORBISHOP SEELY BEGGIANI, COMMISSIONS FOR LEBANON OF THE EPARCHY OF ST. MARON AND OUR LADY OF LEBANON

Mr. Callahan. Chorbishop.

Mr. Beggiani. Thank you, Mr. Chairman. I wish to thank you and the members of the committee for giving me this time. I would ask you also to please issue my whole text into the record.

Much of what I wanted to say has already been said, but I think I can emphasize a few points. First of all, speaking for the Catholic Church and speaking for--reflecting what the Holy Father, the Pope, said when he was in Lebanon, our main hope for Lebanon is that all peoples and all religions and all cultures there live in peace and harmony. And the Maronite patriarch that is the head of our church and others in Lebanon have spoken often that this is our goal in any way that we can bring this about. We do believe that most Lebanese people want this kind of a life of mutual respect and working together in solidarity.

I do think that although Lebanon is a very small country, it is a very important country in the Middle East, because it is the only country in the Middle East and perhaps in the world where Christianity and Islam are almost evenly balanced. It is the one country where Christianity and Islam, East and West, can confront each other, dialogue with each other, experiment with each other and perhaps learn how to live with each other.

I think this is an important laboratory for the rest of the world because, as you well know, there are many tensions that are going on in various countries where one or the other religion has the larger majority. So I think we should try to help Lebanon as it continues to be a pluralistic society.

I want to reinforce what has been said earlier starting with Mr. Chamoun, the son of one of the great presidents of Lebanon, that Lebanon cannot survive as any other country can survive when it is occupied for a number of years. The irony is that the United States, the United Nations, even Israel and Syria have all said they want an independent, free and sovereign Lebanon. And yet, and I say this with all candor as an American, no one seems to be able to do anything about it.

The United Nations has passed its resolutions, but it has in no way enforced them. The United States has said over and over again that they are for the freedom and sovereignty of

Lebanon and yet there is no obvious pressure being put either on the Syrians or the Israelis to do anything about it. And certainly our brothers in the Middle East, the Syrians and Israelis don't seem to be in any hurry to follow these resolutions. And so after 15 years Lebanon has been pointed out as still occupied. And how can a country that has gone through a tragic war build itself up, reinstitute its free institutions, when it is occupied by forces that have their own vested interest?

And while this subcommittee and this committee does not have the purview to deal with these issues, you are all voting members of Congress and I hope that you will be sympathetic to this cause.

Regarding the humanitarian side, it has already been pointed out there is a great need all across the board, whether it be the fact that the middle class has almost disappeared in Lebanon or whether it be that many of the Lebanese now are below the poverty line, whether it be that thousands of people that are still displaced from their homes. So the Lebanese government has appropriated funding, but certainly grossly inadequate to the needs. There are the needs for all the infrastructures of many of these villages to be rebuilt, including water, electricity, telephone, roads, bridges.

Now speaking as a member of the Catholic Church, I am familiar with the Catholic non-governmental organizations in Lebanon, and I would like to single out the work being done, for example, by Caritas Lebanon, which has been organized by the Catholic bishops in Lebanon and supported by many Catholic agencies in Europe and also Catholic Near East Welfare. This small group in the last several years has supported 200 medical dispensaries in Lebanon, school health programs, seven medical centers in various areas of Lebanon, three mobil clinics. There is no discrimination on the basis of ethnic background or religion. It is working with displaced families trying to set up pre-fabricated housing, buying apartments for them rebuilding, set up village banks. It is providing some money for agricultural projects. It is working with the orphaned, handicapped and the elderly.

This group, Caritas Lebanon, has a 1999 budget of $7\1/2\ million to try to continue its work. It has also taken up a project of setting up a fully equipped 40-bed hospital in Deir-el-Kamar, which is going to cost at least $4\1/2\ million. Now this is just one of the non-governmental organizations. There are several that I say that I know among the Catholic groups and obviously among all the other religious denominations.

The money spent on these groups is well spent. Now the Lebanese people have taken a lot of initiative. They want to rebuild their country. I want to differ with the head of AIPAC who was here a little before he said that Israel is the only democracy in the Middle East. Lebanon has had a great history of being a democracy longer than Israel. It also has had the struggles recently of trying to be a democratic country. But we should support this democracy.

Also the present funding for Lebanon is 12 million. We know how the budget constraints are. Perhaps this committee, subcommittee, can find a few more million from the allocations in the Middle East to help Lebanon.

And finally, I am asking for this help for Lebanon as an American, and I think it is in America's best self interest, because to have a strong Lebanon, a democratic Lebanon, a Lebanon that is a pluralistic society in the heart of the Middle East, I think, serves American interests in the long run.

Thank you, Mr. Chairman.

[The information follows:]

[Pages 482 - 484--The official Committee record contains additional material here.]

Mr. Callahan. I am going to have to excuse myself for about five minutes. You can either wait or you can continue on, or in the interim, Rod, if you have any questions you want to ask, I have got to meet with some more Alabama constituents. They have a 3:00 meeting and I was supposed to meet with them at 2:30. Excuse me.

Mr. Frelinghuysen [presiding]. We will continue. And you are recognized. Chorbishop, thank you for your remarks.

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LEBANON

WITNESS

DAVID EPPERLY, DIRECTOR OF PUBLIC AFFAIRS, COUNCIL OF LEBANESE AMERICAN ORGANIZATIONS

Mr. Epperly. I am David Epperly with the American Lebanese Institute, and we are part of the Council of Lebanese American Organizations, which is essentially a confederation or federation of organizations, American Lebanese organizations here in the U.S.

I would like to concur with Chorbishop Beggiani, Mr. Chamoun, Mr. Zoghby and a little bit with Mr. Cody. We always have a few differences on Lebanon, but I don't think the picture is quite so rosy. You know, we certainly want to have hope for the future of Lebanon, but Lebanon is beset with some serious difficulties, most of which have to do with the Syrian occupation of Lebanon. Yes, Lebanon is an occupied country. Israel occupies a small swatch of the southern part of the country, but Syria has the rest of it. And their occupation goes right down to the very core of government and society. Lebanon is no longer a free country. And that has had a lot of devastating effect in the way that the Lebanese people exist today.

We outlined in our testimony--and again, I would like to make sure our testimony is submitted for the record.

Mr. Frelinghuysen. Consider it done.

Mr. Epperly. Thank you. Again, the Syrian occupation is probably the most serious issue that we see. And as a result of that, there are serious human rights violations occurring in Lebanon. Anybody who disagrees with the authorities or the

Syrian occupation faces, abduction and legal contention, torture, mock trials and executions. And that stuff is going on and it really doesn't see the light of day. A lot of that occurs without the focus of international attention. The judiciary system has been militarized and there are military personnel sitting on the civilian court systems in Lebanon.

Freedom of the press and censorship is another issue that we are very concerned about. As Mr. Chamoun pointed out, there are television stations that are under a state of monopoly by the people in the regime. And they don't allow, for the most part, opposing opinion about what is going on there.

The economic mismanagement is certainly very serious. The national debt is--we have it at about $18 billion. The gross domestic product is about 15 billion. There has been a lot of money spent on many grandiose construction projects designed to paint a pretty picture about the efficiency and the benevolence of the regime there, when in fact there has been a serious amount of neglect in terms of basic infrastructure, clean drinking water, reliable electricity, safe highways, telecommunications, et cetera.

The government is corrupt down to the core. There is about 1.5 million Lebanese--I mean Syrian workers in the country. And this is--what has happened is the Lebanese working class, the middle class is again dwindling, as we pointed out before. A lot of this money is going through the Syrian workers back to Syria. The Syrians themselves are taking a pretty big cut off the top of most of the large projects. Syrian workers are getting paid to do the labor of the Lebanese. There is very little trickle down effect for the Lebanese economy. And at the end of the day the Lebanese have a nice big building, but, you know, there is nothing--there is no benefit to the overall economy. And as a result, people are suffering.

I would like to reinforce what was said earlier. We don't think that any money should go directly to the Lebanese government. We support institutions, credible individuals and institutions in the Lebanese private sector such as American University of Beirut and other educational institutions in Lebanon, the hardworking NGOs that are doing some very good work in Lebanon in the areas of human rights, environmental issues and charitable causes. The Lebanese Army is a very important institution to support.

There are elections coming up in Lebanon this year both in municipal and presidential. We are very skeptical that those will occur, you know, in an environment of freedom and without manipulation of the authorities, but the only thing we can do is just wait and see what the outcome is.

But also there have been some positive signs coming from the U.S. government. Secretary of State Albright visited Lebanon some time last year and the fact that she visited there and her remarks and who she made her remarks to was a mixed crowd of private sector and non-governmental folks, that was seen as a positive sign. Martin Indyk went there, Assistant Secretary of State for Near Eastern Affairs.

We would like to do just--we would request again that you support non-governmental institutions like Chorbishop Beggiani was speaking about. Money allocated for Lebanon would get to the people.

And that concludes our remarks. Mr. Chamoun, again, is the son of a distinguished past president of Lebanon. He mentioned to me that aid is coming in from sources outside of Lebanon. He said, I think, it was $10 million----

[The information follows:]

[Pages 487 - 491--The official Committee record contains additional material here.]

Mr. Chamoun. Compared to the aid which Caritas is trying to introduce and what we gave from the U.S. government, it is getting $10 million of money from Iraq.

Mr. Epperly. Most of that money is going----

Mr. Chamoun. Just to compare that.

Mr. Epperly. They are getting stronger and stronger in Lebanon, particularly in South Lebanon. And as you know, you see the continued fighting and attacks on Israel that occur there. That is because they have been able to build a fairly substantial infrastructure to their organization as a result of this support that they are receiving from the Iranians, so it is important that we recognize that and counterbalance that by supporting democratic institutions and, you know, the cause of freedom and justice.

I appreciate it.

Mr. Callahan [presiding]. That has always been frustrating to me. I grew up with one stage of my life with a Lebanese family next door. I didn't know where Lebanon was, didn't really care. You know, they were close friends of mine, and then as I grew older, you know, I kept hearing bad things about Beirut and things of that nature. And then as I got involved in national politics and came to Washington, it was frustrating to me to receive the brunt of the blame of the Administration for the policy it had toward Lebanon. You know, my policy of Lebanon is Syria ought to get out ofLebanon, Israel ought to get out of Lebanon. And I guess just as importantly now, Lebanon ought to get its own act together. That is the major problem.

I mean, you mention that the television stations are now owned by the political structure and the families of the political structure.

Mr. Chamoun. Mr. Chairman, the government we have is imposed by Syria. It isn't----

Mr. Callahan. I understand.

Mr. Chamoun. To get our act together, we would love to, but we are not allowed to do it.

Mr. Callahan. Well, but what can we do? Now the Administration has visited Lebanon. We have lifted the travel ban. The Secretary of State has visited Lebanon. The Congress is willing to give you assistance. So what do we do now? I am just as frustrated today as I was----

Mr. Chamoun. The implementation of the UN resolutions that have been there for years.

Mr. Callahan. But I am not a policeman.

Mr. Chamoun. No.

Mr. Callahan. I can't do that either. You know, I can say that should be done, and it should be done, but I can't make it

be done. So what can I do?

Mr. Epperly. I think the best thing to do is just recognize the situation as it is, which I think you do, and the fact that Syria is what it is, a dictatorship, and it is occupying Lebanon and that the government of Lebanon is controlled by Syria and any aid that goes directly to the government of Lebanon is in effect going to the Syrians. The people of Lebanon don't have any blame in the matter, and so what we ask is if we give aid to Lebanon make sure it gets to the people because they are really suffering.

Mr. Callahan. Well, I think we are doing that.

Mr. Epperly. Yes.

Mr. Beggiani. Mr. Chairman, I just might mention that diplomatic pressure--I have spoken to the White House. They are not even willing to put diplomatic pressure on Syria to even follow the time for court.

Mr. Callahan. Bishop, how do we do that? I mean, I don't have any relationship or communication with Syria.

Mr. Beggiani. No, but Syria would love to have closer ties with the U.S.

Mr. Callahan. Well, you know, I can put it in my bill get the hell out of Lebanon. You reckon they will pay any attention to me?

Mr. Beggiani. Well, they would at the State Department or the White House.

Mr. Chamoun. Mr. Chairman, Syria is not in a very good economic way and it is also not in a very good political way. On the economic side they are still getting directly and indirectly help from the free world. I think that if the free world just makes it very clear to them that as long as you are in Lebanon doing what you are doing, ruining the country--

Mr. Callahan. Well, if I am representative of the free world, we have no problem. I would like for them to remove themselves immediately from Lebanon. You know, I have discussed this at one point with Israel and Israel was of the impression at that time that Lebanon, some Lebanese, did not want Israel to leave until Syria left because it would cause more problems.

So, you know, I don't know. We are appropriators. We can appropriate money to volunteer private organizations to do good in Lebanon, and that is what we are going to do. That is what we are going to instruct the Administration to do. We can do things like that, but how do we resolve the long-range problem? I mean, so we are feeding them, so we are giving them immunization capability and so we are giving them some type of assistance through private volunteers? What is their future? If live under a dictatorship under the control of Syria, what is----

Mr. Epperly. It is not going to last. You know, one day it is going to come to a head. Hafez al Assad is not Frankenstein. He is going to die one day, and then there is going to be turmoil inside Syria. They will fight it out and----

Mr. Callahan. Well, they fought it out, though, 10, 12 years ago.

Mr. Epperly. They will do it again, and it is coming up. The Lebanese are a very resilient people. It is almost--they are irrepressible and it is very difficult to control the Lebanese the way the Syrians are trying. It is going to fail.

That is going to fail eventually and the Lebanese will have another opportunity of governing themselves.

Mr. Callahan. I hope so.

Mr. Epperly. The immediate concern is that they survive in the interim period.

Mr. Callahan. But I feel frustrated in talking to my Lebanese community in Mobile. I feel frustrated. What can I do? They don't know what I can do. They just want me to do something.

Mr. Cody. Mr. Chairman, if I may, maybe to at least give a partial response to your sense of frustration. There is a peace process and there is more about it right now. Who knows where that is going if it is going anywhere at all? But one of the things that can be done and I think where you can be helpful and where your colleagues in both the House and the Senate can be helpful is to urge upon the Administration that all the tracks are important. Why not try to reinvigorate the Lebanon/Syria/Israeli tracks and revisit where the Wye Plantation talks broke off in February 1996. Unfortunately there was progress being made between Syria and Israel at the time. Let us maybe revisit where the talks left off.

Mr. Callahan. We can put some report language. Meanwhile, Mary Ann, tell them I said do that.

You know, I mean, I----

Mr. Cody. And focus on all the UN resolutions, UN Resolution 425 and 520 in the report language. At least look at what is there, rather than try to create something new. At least implement what you have. The United States was sponsors of those resolutions. We were the primary sponsors of those, so there is an obligation on the part of the United States government to see that they are implemented or encouraged to be implemented through the processes that are now taking place.

Mr. Epperly. Well, I think, you know, obviously this isn't the work of this committee to sort out the political----

Mr. Cody. But they can be helpful. Members of Congress can be helpful in urging the Administration to move forward along those lines.

Mr. Callahan. We will so instruct them in some fashion in the report language.

Mr. Epperly. We appreciate it. Thank you very much.

Mr. Cody. Thank you very much.

Mr. Callahan. Bye, bye. You all have a good day. Thank you. Sorry to hold you all up so long. I have--when are you going back home?

Mr. Zoghby. Tomorrow.

Mr. Callahan. Well, be careful. This is a crazy town.

Mr. Zoghby. I know. I don't hope to find out.

Mr. Callahan. Annie Totah and Chris Hekimian.

Tuesday, March 31, 1998.

ARMENIAN ASSEMBLY OF AMERICA

WITNESS

ANNIE TOTAH, VICE CHAIR, ARMENIAN ASSEMBLY OF AMERICA

Ms. Totah. Mr. Chairman and members of the subcommittee, I am Annie Totah. I am the Vice Chair of the Armenian Assembly of America. And since, as you know, Tim is in Armenia, I have been delegated to give some of the highlights of the testimony, copies of which were distributed to you. In this testimony we intend to provide some highlights based on extensive first-hand experiences on how United States policy and assistance programs can best suit American interests in Caucasus region.

1998 is another critical year for Armenia and for Nagorno Karabagh. And the United States, of course, is in a unique position to further the cause of peace, democracy and free enterprise in this pivotal region. But this also is a year of promise. Beginning with the free election of a new president, the transition after the resignation of President Ter-Petrossian has been peaceful and within Armenia's constitutional framework. The Armenian people have exercised their right to vote through the ballot. And despite decades of Soviet rule, Armenia demonstrated that it has established an enviable democratic environment for a peaceful and legal transfer of power.

With respect to United States assistance, 1998 also marks a decided shift away from emergency and medical assistance towards economic development and the solicitation of foreign direct investment. Under your outstanding leadership, Mr. Chairman, we were really pleased that the committee has repeatedly recognized Armenia's commitments to economic reforms under the most difficult of circumstances. We commend Congress for earmarking not less than $87\1/2\ million for Fiscal Year '98, and we ask that the earmark be increased to $100 million this coming year, which would focus on economic development, trade and investment.

Peaceful resolution of the Nagorno Karabagh conflict is also a high priority for the United States. The tenuous 1994 cease fire is routinely violated by Azerbaijani forces, and in some places there is less than 500 meters separating the two armies. In 1997, Congress sent constructive messages to all three conflicting parties, and the House of Representatives unanimously passed a resolution sponsored by a member of this committee, Congressman Knollenberg, as well as Mr. Frank Pallone of New Jersey, to reaffirm U.S. neutrality in conflict negotiations and calling on our government, as the co-chair of the Minsk Group peace talks, to facilitate direct talks between all the conflicting parties.

Your committee, Mr. Chairman, also took the vital step of de-linking humanitarian assistance from political matters by allocating $12\1/2\ million for Nagorno Karabagh's needy. In defiance of clear Congressional intent, we continue to be alarmed, like some of the members of this subcommittee, by various statements attributed to senior State Department officials suggesting that a portion of the 12\1/2\ million should be diverted away from Nagorno Karabagh to Azerbaijan.

We ask that the subcommittee please carefully scrutinize the Department's entire assistance program in Nagorno Karabagh to assure that none of these funds are diverted to Azerbaijan, because we know that Azerbaijan has been and will continue to receive substantial assistance from the United States through its own separate aid distribution channels. There is therefore

no justification other than pleasing Azerbaijan politically for diversion of the limited funds appropriated to the NK needy.

Last year the committee graciously provided the Administration with significant flexibility in providing aid to Nagorno Karabagh. The Administration has chosen not to reciprocate. Invoking the peace process and the political sensitivities of the Minsk Group states, the Administration has not implemented the mandated aid to Nagorno Karabagh's needy, forward as Congress directed. We strongly believe that the problems associated with Administration implementation will only be ameliorated if a hard earmark of $20 million for Nagorno Karabagh is enacted into law. We also urge that the committee broaden the scope of assistance to Nagorno Karabagh in order to include the rebuilding and the reconstruction of war-damaged areas.

With regard to existing legislation, we strongly oppose any effort which will weaken Section 907 of the Freedom Support Act. Last year at the insistence of the Senate a House-Senate conference exempted humanitarian assistance, democracy-building assistance, OPIC political risk insurance, Trade and Development Agency activities and Foreign Commercial service activities from Section 907 restrictions. While we do not object to the exemptions for democracy building or humanitarian assistance, excepting any form of U.S. economic assistance, even in the form of the OPIC political risk insurance, is the wrong U.S. policy. Given the failure of Azerbaijan to take any measure to end the blockade, the fragility of the cease fire and Baku's consistent refusal to negotiate directly with Nagorno Karabagh, now is not the time for the United States to make any further exemptions to Section 907.

We also strongly urge the House Foreign Operations Subcommittee to strictly enforce Section 620[I] of the Foreign Assistance Act of 1961, commonly known as the Humanitarian Aid Corridor Act. We oppose the extraordinary use of the national security waiver by the Clinton Administration and oppose current legislation, Senate 1344 and House Resolution 2867, both of which supersede the Humanitarian Aid Corridor Act and Section 907.

Mr. Chairman and members of the committee, on behalf of the Armenian American community I would like to state our deep and sincere gratitude to Congress for its steadfast support of U.S. assistance to Armenia that has saved hundreds of thousands of lives and allowed Armenia to move towards and forward with important reforms. However, American foreign policy in the Caucasus has strayed off the course and desperately lacks focus, vision and principles, because we have seen a bifurcated U.S. government sending mixed messages to the region. On the one hand Congress has chosen a more balanced approach, identifying several compelling areas of U.S. interest without subjugating one to the other. Human rights, peaceful resolution and regional conflicts and democracy are of paramount importance to many members of Congress, but none of these goals are pursued at the expense of important economic interests. And on the other hand the Clinton Administration, led by the State Department, is aggressively supporting a narrow, one-dimensional policy that affirms the primacy of U.S. energy interests at the expense of peace, democracy and respect for

human rights. And this approach has not and will not succeed, unfortunately.

Mr. Chairman, we commend this committee for all its leadership in forging a more balanced and principle approach to the Caucasus region. We greatly appreciate everything you have done in the past. We do look forward to working with you in the coming months.

[The information follows:]

[Pages 497 - 510--The official Committee record contains additional material here.]

Tuesday, March 31, 1998.

ARMENIAN NATIONAL COMMITTEE OF AMERICA

WITNESS

CHRIS HEKIMIAN, GOVERNMENT AFFAIRS DIRECTOR, ARMENIAN NATIONAL COMMITTEE OF AMERICA

Mr. Hekimian. Thank you, Chairman Callahan, for your leadership of the Foreign Operations Subcommittee and for this opportunity to appear before your panel on behalf of the National Armenian Committee of America, the nation's oldest and largest Armenian American grassroots advocacy organization.

It is especially meaningful to appear before you today in the wake of yesterday's presidential elections in Armenia. These elections represent a major step forward in Armenia's democratic development and are a tribute to the Armenian people's fundamental commitment to democracy. Even as we await the final vote tally, it appears by all accounts that Armenia's next president will be Robert Kocharian. Estimates are that he will have received in excess of 60 percent of the people's vote.

It is useful, I think, to point out that Robert Kocharian, as the elected president of Nagorno Karabagh, was the architect of the 1994 cease fire which ended years of open hostilities. He has broad-based support within Armenia for his Nagorno Karabagh policies, and we have every reason to believe that he has the political will to move the peace process forward, assuming, of course, that there is goodwill and a sense of realism on the Azerbaijani side. Even as these elections give us all hope for a lasting and equitable peace, they also underscore the troubling reality that Armeniaremains an island of democracy in a region of shaky authoritarian regimes.

I have submitted my full testimony for the record outlining our committee's views on a range of issues under the jurisdiction of your subcommittee. For the sake of time, I will just touch briefly on these and I would like to also echo our support for several of the points that Annie just raised. Number one, the need to expand our assistance program to Armenia, we concur with the Armenian Assembly in asking for $100 million hard earmark for Fiscal Year 1999. Number two, the necessity of maintaining the Section 907 restriction on aid to the government of Azerbaijan. Number three, placing

restrictions on U.S. aid and military transfers to Turkey.

I know you are well aware of our concerns on this score, the blockade of Armenia, the denial of the Armenian genocide, the military occupation of Cyprus, the mistreatment of the Kurds, the growing human rights abuses and also the persecution of the Christian communities in Turkey, as well.

Finally, our testimony spells out our views on the U.S. assistance program for Nagorno Karabagh. And that is what I would like to discuss in further detail with you today. Let me begin by thanking you and your colleagues on the subcommittee for allocating $12.5 million to Nagorno Karabagh in Fiscal Year 1998. Until this decisive action on your part, the people of Nagorno Karabagh had been the only population in the Caucasus not to receive any U.S. assistance.

For Fiscal Year 1999 the ANCA supports a hard earmark of at least $20 million for the people of Nagorno Karabagh. As part of a recent visit to the United States, during which she met with yourself and many other members of this subcommittee, Nagorno Karabagh's foreign minister, Naira Melkoumian, spoke before the Center for Strategic and International Studies. And there she stressed that the people and the government of the Republic of Nagorno Karabagh are committed to peace and that they remain willing to reach a settlement based on realistic compromises and mutual concessions. However, Karabagh remains entirely blockaded by a hostile Azerbaijan with the strong backing of Turkey.

Under these circumstances, the people of Nagorno Karabagh are faced with pressing humanitarian needs and a difficult task of rebuilding the social and economic infrastructure of their republic. It is, therefore, imperative that the United States both provide relief assistance and participates in Karabagh's reconstruction effort. Targeted U.S. aid to Nagorno Karabagh will prove over time to be an important confidence-building measure and an investment in peace in a region of great strategic significance to the United States.

Unfortunately, more than six months into the fiscal year and despite repeated assurances, the Administration has yet to begin implementation of any assistance programs in Nagorno Karabagh. A recent report commissioned by USAID on the humanitarian needs of the victims of the Nagorno Karabagh conflict called attention to a number of important issues, but ultimately fell short of addressing the full scope of the pressing humanitarian and developmental needs. We were pleased to see USAID Administrator Brian Atwood in recent testimony before your subcommittee state that AID is ready to implement a childhood immunization program and is considering shelter projects in Karabagh. We remain deeply troubled, however, by the slow pace of implementation and efforts by some in the Administration to divert funds allocated by Congress for their intended purpose.

Mr. Chairman, distinguished members, the Armenian American community is very appreciative of the efforts by Congress and specifically by this subcommittee to send assistance to the needy in Nagorno Karabagh, but we are very disappointed by the lack of implementation of this assistance. I would be interested in learning of any steps taken by this panel to insure that the will of Congress is respected on this important

matter. Thank you.
[The information follows:]

[Pages 513 - 520--The official Committee record contains additional material here.]

Mr. Callahan. Well, first of all, because of Congressman Frelinghuysen and also Congressman Knollenberg the committee has taken a great deal of interest in Armenia. We have traveled to Armenia. Part of our delegation visited in Karabagh. I think that wasn't the first time a delegation had gone but the first time an appropriations delegation had gone.

You mentioned several things, one increased aid. Number two, we just don't have a money tree where we pick this money off and give it to countries. This year we are going to be faced with a reduction in the allocation we get. So the increases for Armenia and Karabagh are not going to happen, probably, or Georgia or any other country. You heard earlier in the day where we are cutting aid to some countries such as Israel and we are neglecting this hemisphere which is so important to us here in America.

The provisions we worked out after our visit, after I met with Kocharian, the new president, for two and a half, three hours discussing with him the future of Armenia, you know, obviously your problems are not going to go away until some resolve is reached. The only train leaving this station is the Minsk agreement group, and until somebody sits down and agrees to something, then your problems are not going to go away.

And the reason we put the $60 million extra money in theCaucasus fund was to say to Nagorno Karabagh or Armenia and everybody else look, here is $60 million. That is our share of the international pot that no doubt will come if you achieve some peace. We generally are required to put up ten percent. So you are looking at a potential of $600 million in reconstruction money and anything else that you might want to do to reconstruct if you can reach some peace. But we are not going to continue to--I mean, you ask arbitrarily for $100 million for Armenia.

Just because you got 87 million last year, that is not justification. These things are designed for programs. And then you say well, we gave Armenia 12 million or whatever we gave last time, so this year your entitlement is 20 million. That is not how that works. We are not going to increase money for Nagorno Karabagh. We are not going to increase money for Armenia. We are not going to increase money for Georgia until some steps are taken to resolve differences between Armenia and Azerbaijan and all the other areas.

So the reason we created that Caucasus fund was to emphasize our desire for peace. The only vehicle I see for peace is through the Minsk Group.

Ms. Totah. Mr. Chairman, you are absolutely right, but our concern is that the Minsk Group is not putting any pressure on Azerbaijan to do any concessions or any compromises. We are just capitulating to every wish that Azerbaijan has had, and Armenia more than any nation in that region wants peace because it does not have the natural resources of Azerbaijan and the

other countries.

Mr. Callahan. So you are saying----

Ms. Totah. So this is----

Mr. Callahan [continuing]. They are waiting----

Ms. Totah. They are ready. They want peace. They are asking for direct negotiations and all they are saying is that we don't want to have a predetermined solution imposed on Armenia and Nagorno Karabagh. They desperately want peace. While Azerbaijan, on the other hand, is hoping that with the federal dollars that will be flowing in that it will have enough time to build up its arms and armaments and the waiting game sooner or later is going to take over Armenia and Nagorno Karabagh.

Mr. Callahan. Well, you see, that is not the story we get. That might be a fact, and it might be your view of what the situation is, and it could be the situation, but, I mean, we can't just go and say we are totally allied in philosophy to Nagorno Karabagh or Armenia. We are the peacemakers who want to see you all stop killing yourselves. The people in Azerbaijan tell us differently and the people in Georgia and the people in Turkey, but we can't resolve these differences.

Mr. Hekimian. When Nagorno Karabagh's foreign minister came and met with you, you very clearly laid out what needed to be done.

Mr. Callahan. That is correct.

Mr. Hekimian. The thing is she agreed with you. The problem is that we are not having direct negotiations. Azerbaijan has refused to directly negotiate with representatives from Nagorno Karabagh. That is one problem. And the second, as Annie mentioned, was this idea of mutual concessions. Azerbaijan is not being asked to make concessions in this process. You have two sides. Each is going to demand an extreme.

Mr. Callahan. Well, what concession do you want from Azerbaijan?

Mr. Hekimian. Well, first of all, the issue of a step-by-step approach is very difficult to sell in Nagorno Karabagh when there is a concern, security guarantee concern. Seventy years of being mistreated by a government, these people are not going to very easily have faith that we will talk about the political status later on. The problem is if you do it as a step-by-step process, once the oil starts flowing in Azerbaijan, the money starts flowing in, it is not very likely that they are going to want to discuss the political status in Nagorno Karabagh anymore.

Ms. Totah. And another thing, too, Mr. Chairman----

Mr. Callahan. You know, I disagree with that. Now I may be wrong, but I disagree with that. I have talked to Aliyev. I have talked to him at great length about what he envisions for the future, and that is not what he tells us. Now you say we can't trust him. Maybe we can't.

Mr. Hekimian. I am not saying that, but from his public statements he has called for a return of Nagorno Karabagh to an autonomous status. The problem is they had autonomous status for 70 years and were treated very poorly. Monies that were supposed to go through Baku be funneled into Karabagh never made it. So what you are seeing when AID goes there and sees the problem that they see, a lot of that is because funds were withheld from Karabagh because it was an Armenian region within

Azerbaijan. So I am certainly not calling him a liar.

Mr. Callahan. No, but what are we to do? I mean, all I can do is convey your message.

Ms. Totah. Yes.

Mr. Callahan. Convey your concerns. You know, we even mentioned granting you autonomy, granting you recognition, granting you independence, granting you a contiguous link to the mainland of Armenia. Surely something can be worked out, and that is what the Minsk agreement is supposed to do. That is--you know, we were of the impression, in talking with President Schevernadze of Georgia.

Ms. Totah. Schevernadzer.

Mr. Callahan. We were of the impression after talking with everyone, including your leadership in Armenia, including the new president.

Ms. Totah. Kocharian.

Mr. Callahan. That we were a lot closer to this.

Mr. Hekimian. I think we may see some progress but they had to wait until the elections. With the change in government, they have put off meetings. You know, we are also hopeful that you will see some progress very soon now that Armenia has had free and fair elections. They have a new president who at this time has the backing of the people. He has the political mandate to solve this issue. And so we are hoping.

One thing, though, that this committee could definitely do is make sure that its intent for that $12.5 million, that it be followed through on and that it actually be spent in Nagorno Karabagh for the people of Nagorno Karabagh. It seems pretty clear to us from public statements and from other statements that we have heard that the Administration State Department does not plan on spending that 12.5 million in Nagorno Karabagh. It has been six months since and they haven't sent one dime.

Ms. Totah. And, Mr. Chairman----

Mr. Callahan. Well, we hope it can be resolved, but we are just not going to continue to increase appropriations as a way to resolve this peace process.

Mr. Hekimian. But that 12.5 is not contingent on----

Mr. Callahan. 907.

Ms. Totah. Yes.

Mr. Callahan. I am talking about the 100 million and----

Ms. Totah. Earmarked for next year.

Mr. Callahan. Yes, and the 20 million for Nagorno Karabagh.

Mr. Hekimian. But the 12.5 million is not contingent, I don't believe, on a peace agreement.

Ms. Totah. That is----

Mr. Callahan. But you have requested an increase.

Ms. Totah. Yes.

Mr. Hekimian. Well, that is----

Mr. Callahan. But it is contingent upon a peace agreement.

Mr. Hekimian. The additional monies are.

Ms. Totah. Mr. Chairman----

Mr. Callahan. All monies are. It is not written it is contingent upon peace. The purpose of it is to create a peace, all of it.

Ms. Totah. I know. That is why we have the enterprise fund. We got $52.5 million this year.

Mr. Callahan. Right.

Ms. Totah. But, Mr. Chairman, in the Middle East, you know, the diplomacy never worked. It was only when there were direct negotiations that Israel and the Arabs got around the table, there was some progress. Yes, they are going through their hard times now, but at least things have started to move. And I think that Armenia could be the Israel in the Caucasus region being the most democratic nation in order to help and secure ties with the United States as well as secure American interest in the region.

Mr. Callahan. We thank you both. I am sorry.

Mr. Frelinghuysen. Would you satisfy my curiosity. You have $100 million. You are recommending an earmark of not less than $100 million with the specific focus on economic development. While I am supportive of many of your objectives, to what degree has the Armenian American community invested in Armenia? Because during our visit the figure was appalling low.

Ms. Totah. Okay, there is more ongoing now because there is more compliance with the tax laws and the custom laws and corruption is being dealt with. The new president, that is one of the promises he has made. We are hoping that the Armenian American community will be working and they will also start investing in Armenia.

Mr. Frelinghuysen. I understand, you know, that there has been a lot of generosity relative to humanitarian assistance, but I do think that if you are talking about economic gains, you are talking economic stability. I do think that there are a lot of people that are extremely active and supportive, and it would be, I think----

Ms. Totah. It is starting.

Mr. Frelinghuysen. To your benefit to be concentrating on improving that situation.

Mr. Hekimian. One example, in fact, Kurt Korchorian, I don't know if you are aware of or not. He is a very wealthy Armenian philanthropist. He has set up $100 million fund where actually entrepreneurs would be loaned, not given, loaned money to start a small enterprise in Armenia.

Mr. Frelinghuysen. Great. Thank you. Thank you, Mr. Chairman.

Ms. Totah. Thank you, Mr. Chairman.

Mr. Callahan. We have another member of Congress who just walked in. He always gets my attention when he walks in the room because he is a close friend and also he is a member of the Transportation Subcommittee and I need him. Are you going to testify or are you here to----

Mr. Sabo. I am here to say a few words and introduce one of the people scheduled to testify, Mr. Salzberg.

Mr. Callahan. Do you have time to wait through two more people while we do that or if you have a meeting we will jump over.

Mr. Sabo. That is all right.

Mr. Callahan. All right, Eugene Rossides and Andrew Manatos.

Tuesday, March 31, 1998.

AMERICAN HELLENIC INSTITUTE, INC.

WITNESS

EUGENE ROSSIDES, PRESIDENT, AMERICAN HELLENIC INSTITUTE, INC.

Mr. Rossides. Thank you, Mr. Chairman.

Mr. Callahan. We will accept your written statement for the record.

Mr. Rossides. I appreciate that.

Mr. Callahan. It is not that long, even for the record, because we do read these things.

Mr. Rossides. There are a number of pages, but I think they will read quickly. We want to congratulate the 104th Congress, Mr. Chairman, and the 105th Congress for its important role in the Administration's decision to eliminate military and economic aid for Turkey in Fiscal Year '99. We particularly congratulate this subcommittee. I am convinced that the decision of the Administration to finally eliminate military and economic aid to Turkey was in substantial part due to the policy role of the Congress and this subcommittee and its own chairman's mark a few years ago that reduced some of that aid.

We welcome this elimination. We have argued for it for a long time. Having given aid to Turkey under the circumstances of Turkey's violation of the human rights of the Kurds and aggression in Cyprus made the United States and accessory to those acts in violation of law. We are very pleased that this chapter in U.S. relations with Turkey has come to an end. Thankfully, every dollar that we have given to Turkey for the last eight years, at least, since the end of the cold war, if not before, has been an absolute waste of money of the United States.

The Administration's proposals are not adequate, Mr. Chairman. We must ensure, and I am sorry not to have said hello to Mr. Frelinghuysen. We must ensure that we do not continue any further arms sales and transfers of arms to Turkey, one of the most highly militarized nations in the world whose violations of law were set forth clearly in the State Department's Human Rights Report.

European Union leaders rejected Turkey's application to become a member or to start the process of European Union accession because of these violations of law, and they made specific mention of Turkey's continuing illegal occupation of Cyprus and the destabilizing claims in the Aegean.

As long as Turkey persists in its human rights abuses, the United States should not maintain a normal relationship with Turkey. The United States should further instruct its representatives if it wants to get anything done regarding this problem, Mr. Chairman, we have got to stop excusing the violations of law by Turkey. We have got to--we don't have to make any big speeches, but we should certainly not be voting for international financial institutions to give any further aid to Turkey.

We should stop listening and paying attention to the Turkish general staff which is in charge of Turkish foreign policy under its constitution and try to pay more attention to the other forward-looking elements within Turkish opinion, and there are those.

Mr. Chairman, Greece is a strategic key and economic key for the U.S. in the Balkans and Eastern Mediterranean to bring peace, stability and economic progress to the area. It is becoming increasingly clear. We have said that for two or three decades, but it fell on deaf ears in the State Department and Executive Branch.

Mr. Chairman, we support the $15 million in humanitarian aid for Cyprus. We are dismayed at the Clinton Administration's failure to sell to Cyprus equipment for defensive purposes which necessitated Cyprus to buy it elsewhere, namely from Russia. And we are dismayed at the Clinton Administration's condemnation of the country's ability to buy things to defend itself. The problem in the area and the main obstacle continues to be the coddling of people in Turkey by the White House State and Defense Departments.

Mr. Chairman, in my letter of March 9 to President Clinton I lay out a number of these items, and it is in the attachment to my record. And in Exhibit 2 is a detailed statement of issues of concern of the Greek American community out there also.

One final point, Mr. Chairman, until we tell Turkey that it must abide by the rules of the game as the EU has done unanimously, nothing is going to happen. There is not going to be any progress. And we urge the Congress on a bipartisan basis to investigate the failure of the Administration to apply the rule of law to Turkey. Now in my prepared statement I listed a dozen items, substantial items of violation of law and the U.S. State Department said oh, it doesn't matter, 35,000 troops invading Iraq, the continuing human rights violations on the Kurds. And so progress will not occur until that happens.

And actually, fundamentally, the only way it is going to happen is if the Congress puts that kind of pressure on the Executive Branch and the White House to, you know, push them to have Turkey comply with the rule of law. And that is not fully this committee's role, but it is this committee's role when it comes to questions that may come up on the floor and also regarding a recommendation to the report, Mr. Chairman, regarding financial aid to Turkey from other institutions.

Thank you very much, Mr. Chairman, and I do want to say that it is the role of this committee and your personal role in the manner in which you voiced your concerns and support for part of the Administration's positions, but you let the open debate occur. Mr. Solomon, the Chairman of the Rules Committee, allowed the issue to go to the floor. And it was very important in the overall picture of finally stopping this aid. Thank you, Mr. Chairman.

[The information follows:]

[Pages 527 - 572--The official Committee record contains additional material here.]

Mr. Callahan. Mr. Manatos.

Tuesday, March 31, 1998.

NATIONAL COORDINATED EFFORT OF HELLENES

WITNESS

ANDREW E. MANATOS, PRESIDENT, NATIONAL COORDINATED EFFORT OF HELLENES

Mr. Manatos. Mr. Chairman, I appreciate the opportunity to testify today before you and Congressman Frelinghuysen. I am testifying today on behalf of the United Hellenic American Congress, the Pancyprian Association and the National Coordinated Effort. If I might, I would like to submit my prepared testimony for the record and touch on some developments over this last year in this area of Cyprus and the Aegean, the Patriarchate.

With respect to Cyprus, a few things have occurred which are a direct result of what the Congress has done. You will recall a few years ago that a bill was passed which tried to determine what happened to the five Americans missing following the invasion of Cyprus by Turkey. A couple of weeks ago the remains of a young American boy from Detroit, Michigan, Andy Kassapis, who was 17 years old, who was taken alive by the Turks, he was found.

The locating of this young American was the direct result of legislation passed by the Congress requiring the Executive Branch of our government to find out what happened to these five Americans. They actually found just fragments of his bones. These remains were analyzed in one of only two laboratories in the world with sophisticated enough equipment to determine, through DNA testing, if these were in fact the remains of this young American.

Anyone in this room who is a parent can understand why one would pursue so long the apparent hopeless effort to find one's child alive. Although, as the years go by, it may appear impossible that your child could still be alive having been taken 24 years earlier, one must continue the effort. Anybody who is a parent would understand that even if there is a \1/10\ of one percent chance that your child is alive somewhere in prison you are not going to be able to rest until you know. So the result of this legislative effort, terrible though it may have been, at least gave the Kassapis family closure on this terrible issue.

There are still four other Americans whose remains are missing, and 1,614 other people who were taken alive in '74 and have never been heard from again. Most experts estimating that they were executed by the Turks on the spot.

There is another bill that is in the House now involving the enclaved people of Cyprus. This is an important issue that the Congress can help bring to the attention of the world community. If you search the world you will not find a minority who are as badly treated as the enclaved in Cyprus. The occupying Turkish army doesn't allow them to have a telephone. They have no police. If they want their children to go to school beyond elementary school, they have to go out of the occupied area. And then if they go to school beyond high school, they can never come back to visit their parents. It is incredible that any minority would be treated this way. The Congress, again, like with the missing on Cyprus, can elevate

this issue.

As you know, on Cyprus there was a recent election and there was hope that as soon as the election was over the United States would be able to, with the UN and the EU, get some movement on the Cyprus settlement issue. Thus far the prospects for settlement have been extremely disappointing. Even though this is, in fact, the most effort we have ever seen by the world community and the United States to seriously try to do something to solve the division of Cyprus, all we are seeing from the Turkish side of the table is a brick wall and no movement.

There are some developments on Cyprus that make this an issue that has to be dealt with. If it is not dealt with properly, we are heading for a catastrophe. In the past in the Congress and in the Executive branch this has been a bit of a theoretical issue--how to deal with the Cyprus problem. But now, Cyprus is on track to become part of the EU, the talks began today. We would like the Turkish Cypriots to participate in these talks. But, as you know, so far they have not.

Also because of dangerous Turkish overflights over Cyprus, the Republic of Cyprus has tried to defend itself with a very few surface to air missiles. Even though, Turkey has a hundred to one military advantage over the Cypriot, Turkey has said that if Cyprus puts these defensive missiles in place, Turkey will strike military. Greece has said if Turkey strikes Cyprus, Greece will respond. The defensive missiles are scheduled to go into Cyprus in the coming months. As you can see, we are headed for a real crisis here.

The United States, as you know, had to intervene previously to stop in this area. I am afraid we are headed for another very bad situation.

In the Aegean there is a separate but also very dangerous issue. As you know, there was an effort made to give Turkey the EU customs union, to bring them along toward a more civilized mode of conduct. Immediately after that, Turkey invaded the Greek islet of Imia. Since that time the EU has not been willing to give Turkey the economic benefits it would have gotten from the customs union.

Another thing occurred between Turkey and Greece in this regard. There was an agreement in Madrid to deal properly with issues between Greece and Turkey--according to international law. Once again Congress played a very constructive role here. The Congress held up frigates and helicopters to Turkey until Turkey agreed in Madrid to deal with conflicts with Greece in a civilized way. As soon as the United States Congress released to Turkey the frigates and the helicopters, because Turkey had shown this good faith with this Madrid Agreement, the Turks backed away from the Madrid Agreement.

The Patriarchate in Istanbul, Turkey is the last issue I wanted to touch on. As you know, we have had horrible problems. As you know, the His All Holiness Patriarch Barthalomow, who is so highly respected by the Congress that he received a Congressional Gold Medal, whichGeorge Washington and Winston Churchill and Mother Teresa received. Yet, he literally is in danger of losing his life. You recall the bombs that they discovered in time in the Patriarchate in 1994 would have killed him and destroyed the entire Patriarchate. In '96 a grenade and machine gun attack destroyed part of

the Patriarchate. And then again in December of last year another attack on the Patriarchate severely injured one of the clergymen there.

We are hoping that the theological school, Halki, can be reopened. It could use a Congressional push, as well. Without this school being reopened, the Patriarchate in Turkey will expire.

In conclusion, just let me say that the position taken by the EU with regard to Turkey, is we believe, the solution to the Turkish problem. There are a growing number of people in Turkey who are very enlightened and who want to get the occupation of Cyprus behind them, and who want to get Aegean aggression behind them. They understand this is their only way to proceed and progress in the modern world. The EU said to Turkey we would like you to become part of the EU, but you simply have to adhere to these rules of civilization that all of our other EU members adhere to.

There are many Turks who find that direction for their country inspiring and very helpful. Only when the government of Turkey understands the benefits of this direction for Turkey, are we going to have the kind of progress we need.

And the common sense that has been shown by the United States Congress, and frankly, Mr. Chairman, under your chairmanship that has been urged by the subcommittee is the kind of common sense that I think will bring American policy into that direction of reinforcing that kind of thinking in Turkey rather than the kind of thinking that has been reinforced in the past. Thank you.

[The information follows:]

[Pages 576 - 585--The official Committee record contains additional material here.]

Mr. Callahan. Rod.

Mr. Frelinghuysen. Mr. Chairman, I want to thank Mr. Manatos. He commented on a number of things, but under your leadership on our trip we visited the Patriarch, and it was a real education for all of us. And I want to thank Mr. George Pappas in my district, who was one of the facilitators, besides Charlie to my right, but thanks to the Chairman these issues were raised in a variety of different quarters, which I think was a very positive step. The fact that the Chairman brought our entire delegation during our trip to Turkey into meet the Patriarch, I think, was a very positive step. And I want to thank him publicly.

Mr. Callahan. And also Ms. Briggs.

Mr. Frelinghuysen. Yes.

Mr. Callahan. We have expressed, and you know, Andy, this system as well as anybody else out here. You know, we can go and we can say the right thing, but it really doesn't make that much difference. But we have chastised the Turks. Just last month or so there were a group of Turkish soldiers in here. I asked, why the hell do you fly over Cyprus, what difference does it make? Why don't you fly someplace else on your training, why do you aggravate them, why don't you go ahead and grant a Vatican type area for the Patriarch? That is not going

to hurt anything. They seemingly agreed. But, I don't know whether or not it is resolved, but this committee wishes they would all be resolved.

Mr. Rossides. Mr. Chairman, until the Administration says what the EU says--this thing could get solved very quickly. I don't take the position that it is very complicated. When the U.S. says to Turkey, hey, you should be EU and criticizes the EU in December, what are we talking? And when the U.S. proposes helicopters and such, forget it, they are not going to listen to you. Until the Administration--this is State and Defense and they have infused the White House with this, of an appeasement of Turkey for no sound reason.

Mr. Callahan. Well, now in defense of Turkey, with respect to them being an ally, they are an ally. They permit us to land. They permit us--they have given us assistance in every endeavor we have ever requested.

Mr. Rossides. Not really, Mr. Chairman.

Mr. Callahan. Well, that is what I am told.

Mr. Rossides. Well, in error, Mr. Chairman, because you take the '73 Arab/Israeli War. We were supplying Israel and they refused to allow us to overflight and they allowed the Soviet Union to do that. In 1977 they allowed the Soviet Union to resupply Ethiopia, the communists in Ethiopia. They refused us the U-2 overflights. There are a whole series that I testify to of specific examples of the Turks aiding the Soviet military. And you take the Persian Gulf War, they refused the use of Incirlik NATO base throughout the entire Desert Shield. Three days after the war started when we had destroyed the Iraqi Air Force and their defenses, they said okay. Ozal overruled the general and said okay, you can use Incirlik now. They have not been a loyal ally. So I feel I must object to that.

Mr. Manatos. If I might respond, Mr. Chairman, to what you said.

Mr. Callahan. Briefly, yes.

Mr. Manatos. I will be very brief. Two quick responses in addition to what he listed. Our most recent efforts to deal with Iraq, Turkey wouldn't let us use their bases, but really, I think the most egregious is when the bomb went off in Beirut and American boys were dying. We asked if we could take the suffering American boys to our bases in Turkey and the Turks said no. We had to take them to Cyprus where one boy did die. Others in the hospital were brought back.

The other point I wanted to make, Mr. Chairman, is your remarks about what you and the subcommittee can do. I think you are being characteristically humble here. Although you can't do what you could if you were President of the United States, I agree with that, there is a lot the subcommittee could do.

Mr. Callahan. I couldn't do what he is doing either.

Mr. Manatos. Now I lost my train of thought. I was going to say that you can do and you have done a lot. What this subcommittee has done has really been a driving force behind a lot of what this Administration has done positively, and we appreciate it. Thank you.

Mr. Callahan. All right, Mr. Sabo, I guess, is here with Mr. Salzberg.

Ms. Pelosi. Mr. Chairman, may I extend my apologies to Mr.

Rossides and to Mr. Manatos. You know, we have an appropriations bill on the floor, so we are between living two lives here, in addition to everything else. But your testimony is, as you know, very important to us. And I thank you for it and I look forward to reviewing all the remarks that you made here today. Thank you, Mr. Rossides. Thank you, Mr. Manatos.

Mr. Callahan. Mr. Sabo.

Tuesday, March 31, 1998.

THE CENTER FOR VICTIMS OF TORTURE

WITNESS

HON. MARTIN SABO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

JOHN P. SALZBERG, WASHINGTON REPRESENTATIVE, THE CENTER FOR VICTIMS OF TORTURE

Mr. Sabo. Thank you, Mr. Chairman, members of the committee. It is my pleasure to make some brief comments prior to the testimony of John Salzberg. John is here today representing the Center for Victims of Torture, located in my Congressional District. Established in 1985, it is the first and only comprehensive treatment center for victims of foreign governmental torture in the United States. It has treated nearly 600 survivors of politically motivated torture from all regions of the world. And as an indication of the high esteem held by the Center in Minnesota, the state legislature has recently provided funding for the Center to mainstream treatment services for victims of torture. It has also asked the Center to provide advisory services to public schools on how to work with students who have been afflicted by torture.

I might say that we happen to be a magnet or seem to be a magnet for refugees from many parts of the world, including folks who come from warm weather. They come to cold Minnesota. And so I hope programs like this will be followed in other parts of the country.

The Center depends primarily on contributions, however they do get funded from the Fund for Victims of Torture. And the committee has funded that program with a million and a half dollars. We would like to increase it to three if we could, and also to get some involvement of AID, but I am pleased to introduce the director, Mr. John Salzberg, to discuss the program in greater detail. I want to thank the committee for its interest.

Mr. Callahan. Thank you.

Mr. Salzberg. Congressman Sabo has told you something about our center. I would like to concentrate on the purpose of torture and why addressing this issue is critical for United States foreign policy. Over the past 13 years at the Center we have listened to hundreds of stories from survivors who gave information under torture only to be told that their torturers already had the information. We have come to understand that the commonly held view that torture's purpose is to extract information or force a confession is simply wrong. Getting information is merely a way to demonstrate to the victim how

helpless he or she is in the face of new powerful torture techniques.

What we have learned is that torture's purpose is to eliminate leaders, usually from the grassroots, to prevent them from exercising their influence in a community, create a fear in those communities to discourage political opposition and activism, and produce a culture of apathy where small groups of powerful people and interests can wield enormous influence on the shape of society for generations to come.

Traditional views and attitudes about torture focus on the impact of the individual. Paradoxically, as we learn more about the impact of torture on the individual, we realize that we must look at torture and other egregious human rights atrocities as intentional culture transforming events. Clinical research indicates that not only do the survivors of the Holocaust remain symptomatic for their entire lives, but their children and even grandchildren have higher rates of clinical depression and suicide than the populations at large. Our clinical research indicates similar patterns for families of torture survivors. Trauma of this magnitude passes from generation to generation.

As we adopt this trauma perspective, the conflicts in places like Bosnia and Rwanda can be seen as examples of what can happen when repression and atrocity are not addressed and healed. They leave the legacy of fear that is easily manipulated by repressive courses to generate spirals of violence and repression in the future. Their intention is to destroy generations of leadership on the grass level where new ideas emerge and where struggles for democracy begin.

Only healing can help break these cycles of violence and vengeance. One important vehicle is addressing the needs of survivors directly through the creation of additional treatment centers and programs worldwide to help survivors of torture heal. The Center has seen from our own clients how their creative potential capacities can be unleashed after care is made available to them.

In 1997 the United Nations Voluntary Fund for Victims of Torture provided modest grants to 94 organizations' projects in 54 countries. Currently, the United States contributes 1.5million to the approximately 3 million the UN fund has available to support efforts in treatment centers. The International Rehabilitation Council for Torture Victims, based in Copenhagen, estimates the real need to be approximately 30 million. We need to do more. Other governments contribute on a greater per capita basis. For instance, if we were to contribute what Denmark is contributing on a per capita basis, we would be contributing $15 million.

Funding from the UN is particularly important to treatment centers where repression is still active. It brings the attention and the prestige of the international community to societies that are highly divided and where survivors and their caregivers remain in danger. Increasing the U.S. contribution to the UN Voluntary Fund to $3 million would increase worldwide respect for the U.S. and enhance our nation's efforts to encourage other countries to increase their contribution to the fund.

Financial support from the UN fund needs to be supplemented with other sources of funding. The European Union provides

about $6 million annually to support treatment programs around the world. The Danish foreign aid agency provides about 1.5 million. AID support for treatment programs would be consistent with its objectives of promoting human rights and democracy abroad. We request that the committee recommend to AID that it allocate $5 million in Fiscal Year 1999 to support treatment centers for victims of torture abroad and that AID report back to the committee in six months time on its progress in implementing this recommendation.

The investment of increased funds in domestic and foreign programs for treatment of torture victims strengthens our investment in creating democratic societies based on respect for human rights.

I appreciate this opportunity to address the committee.

[The information follows:]

[Pages 590 - 596--The official Committee record contains additional material here.]

Mr. Callahan. Well, we thank you very much, and you come well represented with Martin Sabo, because he is not only respected by me in this committee but by the entire Congress. And we will certainly give consideration here. In brief, it is rather substantial, your request. I think Martin said three. He said five.

Ms. Pelosi. Let us split the difference.

Mr. Salzberg. Five is AID.

Mr. Callahan. But in any event, as you know and as Martin knows, our overall allocation of money is going to be reduced. That is what we are told, that in order to comply with the budget agreement our allocation to this committee is going to be downsized. So there is not going to be much opportunity to increase anything. We are going to be lucky to hold our own on most every program because of the budget constraints, but we certainly are impressed with your program and certainly will give consideration to your views.

Ms. Pelosi. Mr. Chairman, I have something to say.

Mr. Callahan. Oh, I am sorry.

Ms. Pelosi. I have been trying----

Mr. Callahan. I thought you had already said it.

Ms. Pelosi. No, no, no. I wanted to associate myself with our comments about our respective colleague, of course, and just say to you, Mr. Salzberg, this is one of the most interesting presentations that I have heard here. I commend you for what you do and for your understanding of this issue. I don't mean to sound as if know so much more about it than the rest of us in that we preach against torture any chance we get, but this is a remarkable testimony. And I am so inspired by what you said. It encouraged me.

Mr. Salzberg. Well, thank you. May I say we work closely with the Survivors of Torture, which is based in San Francisco.

Ms. Pelosi. Thank you.

Mr. Callahan. We have two more witnesses today. Thank you.

Mr. Salzberg. Thank you.

Mr. Callahan. Mr. Sawkiw and Mr. Pacelle, if you all will

just take your seats here. We will go vote and be right back.

[Recess.]

Mr. Callahan. Okay.

Tuesday, March 31, 1998.

UKRAINIAN CONGRESS COMMITTEE OF AMERICA, INC.

WITNESS

MICHAEL SAWKIW, JR., DIRECTOR, UKRAINIAN CONGRESS COMMITTEE OF AMERICA, INC.

Mr. Sawkiw. Mr. Chairman and members of the subcommittee, good afternoon. I appreciate this opportunity to provide comments. I have submitted my written testimony and request it be made part of the record.

The organization that I represent is the Ukrainian Congress Committee of America, the umbrella organization of Americans of Ukrainian descent. Mr. Chairman, in my capacity of the director of its Washington bureau, I would like to commend the subcommittee under your leadership for informing your constituents about the importance of an increased American leadership role to sustain economic development and strengthen democratic principles throughout the world, including Ukraine. It is of utmost importance to the Ukrainian American community that you Ukraine achieve economic reform to provide for its competitiveness within the global economic environment.

The assistance given to Ukraine from the U.S. government has been remarkable considering the obstacles that Ukraine has had to overcome since its independence in 1991. In fact, in the past fiscal year alone with U.S. foreign assistance Ukraine has continued its macroeconomic progress by curbing inflation to ten percent, stabilizing the Ukrainian monetary unit vis a vis the U.S. dollar, and privatizing more small and medium state-owned enterprises. Likewise, with reference to democratic processes in the international law, Ukraine hasbeen a paragon of democracy with several free and fair elections, the most recent being the Parliamentary elections held this past Sunday.

The exemplary behavior which first manifested itself in Ukraine's denuclearization and peace-keeping efforts has continued during the past year as illustrated by Ukraine's recent refusal to join in Russia's ill-conceived nuclear cooperation with Iran.

Let me now specifically address some of the issues brought before the subcommittee in the past. Congressional concerns regarding the glacial pace of economic reform in Ukraine have been manifested in various degrees and were articulated quite clearly to Secretary Albright in a hearing held by this subcommittee prior to her departure for Ukraine.

This point brings me to the urgent plea which I would like to make to Congress, not merely on behalf of my community, but on behalf of the U.S. businesses seeking to operate in Ukraine. Mr. Chairman, earlier you questioned what could be done to resolve investor problems in Ukraine. The answer can be considered quite elementary. In Fiscal Year 1999 grant Ukraine the necessary tools with which to construct a private sector

and business economy governed by the word of law. Congress should see to it that USAID promotes commercial oil reform as a priority of U.S. assistance to Ukraine.

William Pitt once stated where law ends tyranny begins. Concerning Ukraine one could say where commercial law ends or is lacking, corruption begins. Corruption was an endemic part of the former Soviet governmental system which Ukraine subsequently inherited. Accordingly, efforts to combat corruption and organized crime must continue and can only occur through the support of this subcommittee. Congress should mandate continued assistance programs to cooperate with Ukraine to address the generic problem associated with the resolution of most investor problems in Ukraine, that being corruption.

Members of the subcommittee, we are in a race against time. Will the forces of corruption overwhelm Ukraine's economy before the rule of law can be institutionalized as the guiding principle? I sure hope not. Even Ukraine's Jewish leaders have made a desperate appeal to members of Congress reminding them that ``the crucial question at this juncture is who will lend a helping hand to Ukraine, the West or the East, the future or the past.''

It is my considered advice to this subcommittee that the rewards of continued support for Ukraine are limitless. Let us think of U.S. foreign assistance to Ukraine as an investment with a strategic partner in a safe, stable and secure democracy in Central Europe. In fact, on March 10, 1998, in a post-visit analysis of Secretary Albright's trip, the Wall Street Journal noted the U.S. and its allies have done much to gain by nudging Ukraine, one of Europe's largest countries, towards economic viability. For one thing, it could resist revanchist tendencies among those Russians who would like to restore the Russian empire.

Congress should continue to provide assistance to Ukraine, thus remaining engaged and targeting the assistance in the following crucial areas: legal infrastructure reform with and independent judiciary; assistance for the struggle against crime and corruption; energy sector revitalization; as well as the promotion of programs geared toward the people to actively participate in agricultural restructuring and the building of a civic society.

I thank you for your attention and look forward to any remarks or questions you may have.

[The information follows:]

[Pages 600 - 606--The official Committee record contains additional material here.]

Mr. Callahan. Well, I guess you heard the testimony today and you have heard the comments today and you have heard our concerns about the Ukraine. You said in part that the rewards to the Ukraine would be limited. They are. The Ukraine was a shining star, we thought, when the Soviet Union broke up. You have many members of Congress who rushed to the Ukraine, and the promises of democratic reforms, you know, flowed out of the Ukraine. You had a number in the Senate who were increasing

appropriations, earmarking money for the Ukraine. You had everything to gain and everything is in jeopardy now because of the corruption. Now you are saying we should give more money to eliminate corruption.

Mr. Sawkiw. I didn't necessarily state more, but----

Mr. Callahan. To me corruption is in the throne.

Mr. Sawkiw. Correct.

Mr. Callahan. And we are not going to be able to continue to support the Ukraine as long as this corruption and these barriers are put up towards business people.

Mr. Sawkiw. Mr. Chairman, I agree with you. I agree with you. The problem in Ukraine, however, is that after 75 years of communism, that is the way that the former communist system----

Mr. Callahan. We don't even have those problems in Russia.

Mr. Sawkiw. To a degree. To a degree you do, yes.

Mr. Callahan. We have it to a degree, but Russia was not the shining star. We never really trusted Russia. We still don't. We wanted to trust the Ukraine. We believed what they told us, and yet they continue to violate everything. They violate trade agreements about dumping steel here in the United States. You know, American business people can't get a fair shake because at least up until a year or so ago you had people being paid off by business people from other countries. And when the political leadership comes to Washington, they say oh, we are going to do right. But then these problems continue to mount.

Mr. Sawkiw. But I think the Ukraine----

Mr. Callahan. In the beginning we had GALA Radio and then we had the Girand hotel situation with the woman who lost everything there. And now you have got large companies coming to us frantically who are afraid to go public with the concerns they have telling us the same thing. Something has got to change or else the Ukraine is going to be disadopted.

Mr. Sawkiw. I agree with you, and agree with you wholeheartedly. What I am recommending is that Ukraine doesn't have the technology, it doesn't have the agency, it doesn't have the wherewithal that the Americans do. Such as, for an example, I provided this in my testimony. A concrete example would be to set up an FBI type agency in Ukraine to help monitor, to combat the organized crime and the organized corruption.

Mr. Callahan. Ukraine is going to have to do that themselves.

Mr. Sawkiw. I agree, but this is something that----

Mr. Callahan. You are going to have to----

Mr. Sawkiw [continuing]. In combination with the----

Mr. Callahan. Georgia is beginning to make resolves of the same nature. If you go to other Soviet members, they are making progress. The Ukraine had the greatest opportunity of all because for some reason they were perceived as the shining star of what we could do in the Ukraine to make the other countries secure in doing business under a democracy.

Mr. Sawkiw. I still think the Ukraine can be that shining star.

Mr. Callahan. I hope it does. They have got to get it in gear, I mean, their act in gear.

Mr. Sawkiw. Well, we are----

Mr. Callahan. What are they going to do without our assistance?

Mr. Sawkiw. Cooperation with the United States Congress and my Ukrainian American community, I think that we can do a lot in Ukraine.

Mr. Callahan. We hope so. We really do hope so.

Mr. Sawkiw. So do we.

Mr. Callahan. But we want to participate and we want our business people to feel safe going there, and they don't feel safe now. I mean, when you start taxing payrolls 80 percent.

Mr. Sawkiw. Foreign investment in Ukraine obviously is very, very important. It is the----

Mr. Callahan. It is absolutely important.

Mr. Sawkiw. It is the jump start to----

Mr. Callahan. That is exactly right.

Mr. Sawkiw [continuing]. Establishing a sound and stable economy most definitely.

Mr. Callahan. We appreciate your views.

Mr. Sawkiw. Thank you very much.

Mr. Callahan. Mr. Pacelle, thank you for your perseverance.

Tuesday, March 31, 1998.

THE HUMANE SOCIETY OF THE UNITED STATES

WITNESS

WAYNE PACELLE, SR., VICE PRESIDENT GOVERNMENT AFFAIRS, THE HUMANE SOCIETY OF THE UNITED STATES

Mr. Pacelle. Good afternoon. Thank you very much for allowing me to testify. My name is Wayne Pacelle, and I am a Senior Vice President at the Humane Society of the U.S. And we have 5.9 million members and constituents here in the United States. And unfortunately, Mr. Chairman, we were on the wrong side of you last year on the floor on amendments that we did support to impose limitations for USAID funding for a program in Zimbabwe. And I had hoped not to have to testify here today, but I will get into in just a moment why I am here today. But the Humane Society has a number of programs on the ground in Africa to promote conservation and to familiarate interaction between people and wildlife which can be perilous from time to time.

This program CAMPFIRE, which stands for the Communal Areas Management Program for Indigenous Resources, was funded starting in Fiscal Year 1989, and the final year was supposed to be Fiscal Year '98. It was a ten-year program, $28 million for this program, which was supposed to build capacities for rural indigenous people to help them generate revenues for their activities and to elevate their standard of living, which is a very worthy goal.

We became concerned once we began to look at the fine print of the grant program. There are eight recipients under this program, and one of them, a group called Africa Resources Trust, in phase two of this program was gettingabout $600,000 a year to create offices outside of Zimbabwe and to push for international wildlife trade, specifically for the ivory trade, which

the U.S. has opposed since 1988 very resolutely and reiterated its opposition at the 1997 CITES convention, which ironically took place in Harare.

Your subcommittee took some good action and addressed the issue of those foreign offices and the misuse of the funds, but CAMPFIRE continued to get the same level of funding. We wondered why. If certain elements of the program had been eliminated, why they would continue to get the same level of funding.

The reason that we objected to the program is that CAMPFIRE has become the leading lobby voice for the international ivory trade. You are probably aware that during the 1980s elephants were decimated across the continent of Africa. There were 1.2 to 1.5 million elephants continent wide in 1979. By 1989 there were just 600,000. Seventy to 100,000 elephants are killed every year to feed the international ivory trade. Zimbabwe was a dissenter when the parties decided to expand the ivory trade in 1989 in Lucerne, Switzerland. They have been agitating against it ever since. And frankly, they get a lot of fuel for their agitation from USAID and through the CAMPFIRE program.

As you might expect, a group like the Humane Society is not enamored with the idea of taxpayer subsidies for trophy hunting of elephants, and we don't consider shooting a several ton animal that just stands there to be a very sportsmanlike sort of activity. But we never quarreled with Zimbabwe's sovereign right to have hunts, to advocate the ivory trade. Our position was why are U.S. taxpayers putting $28 million into this program which has the twin purposes of pushing trophy hunting of elephants and, I think more seriously this was our primary concern, of pushing the ivory trade.

But we lost that vote. We did succeed in passing an amendment in the Senate and you and your persuasive abilities won during the conference committee. The reason I trouble you with this today is that there are news reports out of Zimbabwe that indicate that CAMPFIRE after getting ten years of funding--they have been getting five times as much money yearly as the Congress appropriated through the entire African Elephant Conservation Act, which is supposed to benefit elephants across the continent in the 35 range states. After ten years of funding, the U.S. honored its obligations and its promises. Now they are coming back for four more years of funding perhaps.

We think it is time to allow this program to stand on its own. If it is a good model, if the trophy hunting and the ivory trading generate revenue, why does it continue to need massive foreign assistance? Not only has USAID been supporting it, the Department of Interior has been providing money to it and so do eight other donor nations. We cannot find a natural resource program that is more heavily subsidized than the CAMPFIRE program. And we believe it is time to allow it to stand on its own and see if it works and not to continue this gravy train of foreign subsidies.

So that is really my sole purpose in being here, is to ask you to recognize in your support for----

[The information follows:]

[Pages 611 - 629--The official Committee record contains additional material here.]

Mr. Callahan. Well, I appreciate that. We certainly appreciate your dedication to your viewpoint on this. You know, I don't think there is anyone in this Congress who would want to be inhumane to any animal. That is certainly not it. It is just that the way it was explained from the other side of the table was indeed this was saving elephants.

Mr. Pacelle. Yes.

Mr. Callahan. And I think that the inventory of elephants justified their explanation.

Mr. Pacelle. Yes.

Mr. Callahan. When the population grew with managed hunts and at the same time you were able to create some job activity and industry activity----

Mr. Pacelle. Right.

Mr. Callahan [continuing]. It made good sense.

Mr. Pacelle. Yes.

Mr. Callahan. Not necessarily the amount of dollars, but the program was working, because prior to the program you had the mindless slaughtering of the elephant population which would have been wrong.

Mr. Pacelle. It was really, we believe, Mr. Chairman, it was the imposition of the ivory trade ban that led to the cessation of poaching throughout Africa. Without markets in Japan and Western Europe and in the United States, the poachers just didn't have any incentive to go out. The price of ivory dropped in markets throughout Africa and in the consumer countries. You know, even USAID conceded that the CAMPFIRE program is not an elephant management program. They are basically killing 200 to 300 elephants a year. Zimbabwe's populations are, you know, who knows. They say that they are 60, 65,000. Our people on the ground say it is far less.

Again, our objection was Americans didn't want their taxpayer dollars, certainly our members didn't want their taxpayer dollars used for that.

Mr. Callahan. That is a noble argument, and one that would go well in Mobile, Alabama. And I agree with it, but the issue was not necessarily the amount of the appropriation as much as it was the success of the program, which indirectly stopped the massive slaughter of elephants.

Mr. Pacelle. That was their argument. We disagree with it, but----

Mr. Callahan. That was the argument they presented.

Mr. Pacelle. Well, I appreciate the spirit of sentiments.

Mr. Callahan. Well, thank you.

Mr. Pacelle. Thank you.

Mr. Callahan. And thanks again. All right, folks, the meeting is adjourned.

[Statements for the record follow:]

[Pages 631 - 726--The official Committee record contains additional material here.]